

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1-2
Required Supplemental Information (Part I):	
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	12
Fiduciary - Agency Funds:	
Statement of Fiduciary Assets and Liabilities	13
Notes to Financial Statements	14-30
Required Supplemental Information (Part II):	
Budget Comparison Schedules - General Fund	31
Schedule of Changes in Total OPEB Liability and Related Ratios	32
Schedule of Vernon Parish Sheriff's Contributions	33
Schedule of Sheriff Proportment share of the Net Pension Liability	34
Note to Changes to Required Supplement Information	35

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

TABLE OF CONTENTS

Page No.

Other Supplementary Information

Fiduciary Fund Type - Agency Funds	36
Combining Schedule of Changes in Balances Due to Taxing Bodies and Others	37
Special Revenue Funds	
Combining Balance Sheet	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	39
Sheriff Affidavit	40
Schedule of Compensation, Benefits and Other Payments to Agency Head	41

Other Reports Required by Government Auditing Standards

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <u>Government Auditing Standards</u>	42-43
Schedule of Findings and Questioned Costs	44
Summary Schedule of Prior Audit Findings	45

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INDEPENDENT AUDITOR'S REPORT

The Honorable John S. Craft
Vernon Parish Sheriff
Leesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish Sheriff, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish Sheriff, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 6 and 31 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the Vernon Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vernon Parish Sheriff's internal control over financial reporting and compliance.

Marcus, Robinson & Hassell

MARCUS, ROBINSON AND HASSELL
Monroe, Louisiana
December 14, 2018

REQUIRED SUPPLEMENTARY INFORMATION
PART I

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative discussion and analysis of the financial statements of the Vernon Parish Sheriff as of and for the fiscal year ending June 30, 2018, is submitted by the Chief Fiscal Officer of the Vernon Parish Sheriff's Department, and is intended to be used to enhance the readers understanding of the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Liabilities of the Sheriff's office exceeded its assets by \$13,623,452.
- Total expenses exceeded total revenues by \$482,316.
- A ½% sales tax (perpetual in duration of tax) was passed by the voters of Vernon Parish in April 2004. Total sales tax revenue was \$2,829,985.
- Personnel and related benefit costs comprise 78% of total expenses.
- Cash and Cash Equivalents increased \$140,252 from the prior year.
- Capital Assets increased \$36,202 from the prior year.
- Notes and leases payable decreased \$163,678 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an overview of the Sheriff's basic financial statements. The Statement of Net Position and the Statement of Activities (Governmental-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Sheriff's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund tells how these services were financed in the short term as well as what remains for future spending. This report also contains other supplementary information in addition to the basic financial statements themselves.

In the Independent Auditor's Report, the auditor assures that the Basic Financial Statements are fairly stated. This Independent Auditor's Report should be used to judge the level of assurances provided for each portion in the Financial Section.

Government - Wide Financial Statements. These financial statements are used to present a general over all look at the finances of the Vernon Parish Sheriff's Department similar to a private sector business.

Statement of Net Position. By determining the difference between the assets and liabilities of the Vernon Parish Sheriff, "Net Position" is determined. By comparing Statements of Net Position over a period of time, the overall financial trend of the sheriff can be monitored.

Statement of Activities. This statement shows changes in the sheriff's net position during the course of the fiscal year and includes revenues and expenses for items such as earned and accumulated but unused leave, which is going to effect cash flows in future fiscal years. The Statement of Activities reports all changes to net position as soon as the event affecting net position occurs.

Fund Financial Statements - To comply with finance related legal requirements, the Vernon Parish Sheriff groups related accounts into funds. Fund accounting is used by state and local governments to manage revenues or resources designated for a specific purpose. These funds can be divided into two categories: governmental funds and agency or fiduciary funds.

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government Funds - Information contained in these funds may be used to determine a government's immediate or near-term financing needs since the focus of governmental fund financial statements is on immediate or near term revenues and expenses and not only on balances available at the end of the fiscal year.

Governmental funds account for the same functions as governmental activities found in the government-wide statements but is presented with a more narrow focus. The reader may find it helpful to draw a comparison between the information presented in the governmental funds with information presented for governmental activities in the government-wide financial statements to better understand the long range impact of decisions made for near-term financing. One may choose to use the reconciliation provided for the governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balances to more clearly draw the comparison between these governmental funds and governmental activities.

A budgetary comparison statement is provided to demonstrate compliance with the sheriff's annual adopted appropriated budget.

Agency (Fiduciary) Funds - These funds are used to manage monies and resources held by the Sheriff on behalf of others, such as inmate trust deposits, taxes, fines and bonds. Since these resources do not belong to the Sheriff and are not available to support the operations of the Sheriff, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements - These notes provide additional information which is helpful in understanding the data presented in the government-wide and fund financial statements.

Other Information - This report provides certain required supplementary information above and beyond the basic financial statements and accompanying notes regarding the financial activities of the Vernon Parish Sheriff.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's net position as of June 30, 2018 was a deficit of (\$13,623,452), a decrease of \$482,316 from the previous year.

Sheriff's Net Position

	<u>Governmental Activities</u>	
	<u>6/30/18</u>	<u>6/30/17(restated)</u>
Current & Other Assets	\$ 760,635	\$ 1,050,029
Capital Assets	<u>1,356,246</u>	<u>1,525,243</u>
Total Assets	2,116,881	2,575,272
Deferred Outflows of Resources	<u>1,442,455</u>	<u>2,478,134</u>
Total Assets and Deferred Outflows of Resources	<u>3,559,336</u>	<u>5,053,406</u>
Current Liabilities	1,227,535	986,195
Long-Term, Liabilities	<u>15,117,788</u>	<u>16,474,529</u>
Total Liabilities	16,345,323	17,460,724
Deferred Inflows of Resources	<u>837,465</u>	<u>733,818</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,182,788</u>	<u>18,194,542</u>
Net Position		
Net Investment in Capital Assets	1,256,871	1,262,190
Unrestricted	<u>(14,880,323)</u>	<u>(14,403,326)</u>
Total Net Position	<u>\$(13,623,452)</u>	<u>\$(13,141,136)</u>

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets represents 64% of total assets. Allowance has been taken for outstanding debt incurred for the purchase of fixed assets.

Changes in Sheriff's Net Position

	<u>Governmental Activities</u>	
	<u>6/30/18</u>	<u>6/30/17</u>
Revenues		
Program Revenues		
Fees, Charges and Commission	\$ 4,649,053	\$ 5,217,623
Operating Grants and Contributions	86,817	106,727
General Revenues		
Ad Valorem Taxes	2,706,999	2,736,614
Sales Taxes	2,829,985	2,851,235
Other General Revenues	<u>1,002,082</u>	<u>929,333</u>
Total Revenues	<u>11,274,936</u>	<u>11,841,532</u>
Expenses		
Public Safety	<u>11,757,252</u>	<u>12,371,649</u>
Total Expenses	<u>11,757,252</u>	<u>12,371,649</u>
Change in Net Position	<u>\$ (482,316)</u>	<u>\$ (530,117)</u>

FINANCIAL ANALYSIS OF SHERIFF FUND

Fund accounting is used by the Vernon Parish Sheriff to demonstrate its compliance with finance related legal requirements and to provide information used in determining the government's financing needs. Governmental funds are used to provide information on near-term inflows, outflows, and expendable resource balances. The unreserved fund balance may be used to gauge the government's end of year net resources that will be available for spending.

The Vernon Parish Sheriff's combined governmental fund balances as of June 30, 2018 is a deficit of (\$466,900). The June 30, 2017 combined governmental fund balances was \$63,834. This is a decrease of \$530,734.

Budgetary Highlights

Revenues and expenses in the final budget exceeded projections in the original budget. The original budget was amended.

Capital Asset and Debt Administration

Capital Assets: The Vernon Parish Sheriff investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$1,356,246 (net of accumulated depreciation).

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes capital assets:	<u>6/30/18</u>	<u>6/30/17</u>
Capital Assets:		
Vehicles	\$ 247,673	\$ 495,316
Furniture and Equipment	669,339	633,137
Buildings	2,217,958	2,217,958
Land	<u>129,390</u>	<u>129,390</u>
	3,264,360	3,475,801
Accumulated Depreciation	<u>1,908,114</u>	<u>1,950,558</u>
Capital Assets, net	<u>\$1,356,246</u>	<u>\$1,525,243</u>

Long-term Debt: At June 30, 2018, the Sheriff had the following long-term debt outstanding:

	<u>Governmental Activities</u>	
	<u>6/30/18</u>	<u>6/30/17</u>
Tax Anticipation Loans	\$ 0	\$ 0
Equipment Installment Loans	99,375	263,053
Compensated Absences	279,821	240,648
Other Post-Employment Benefits	11,258,623	2,155,855
Net Pension Liability	<u>3,479,969</u>	<u>5,164,176</u>
	<u>\$15,117,788</u>	<u>\$7,823,732</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Vernon Parish Sheriff's elected official considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- 1) The Vernon Correctional Facility was closed March 31, 2018. Management anticipates that the closure will result in a overall positive cash flow for June 30, 2019.
- 2) Taxes
- 3) Intergovernmental Revenues
- 4) Fees, Charges, and Commissions for Services

Request for Information

This report may be used by all persons with an interest in the financial status of the Vernon Parish Sheriff. It is designed to help the reader gain a general over-all view of the sheriff's finances. Any question or request for additional information should be addressed to the Vernon Parish Sheriff, P.O. Box 649, Leesville, La 71496-0649.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and Cash Equivalents	\$ 221,741
Accounts Receivables	538,894
Capital Assets, net	<u>1,356,246</u>

<u>TOTAL ASSETS</u>	2,116,881
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DEFERRED OUTFLOWS OF RESOURCES

Pension Related	1,286,106
OPEB Related	<u>156,349</u>

<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>1,442,455</u>
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<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 3,559,336</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

Accounts Payable	\$ 1,227,535
Long-Term Liabilities	
Due Within One Year	99,375
Net Post Employment Benefit Obligation	11,258,623
Due in More Than One Year	279,821
Net Pension Liability	<u>3,479,969</u>

<u>TOTAL LIABILITIES</u>	16,345,323
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DEFERRED INFLOWS OF RESOURCES

Pension Related	<u>837,465</u>
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<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	837,465
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NET POSITION

Net Investment in Capital Assets, net of related debt	1,256,871
Unrestricted	<u>(14,880,323)</u>

<u>TOTAL NET POSITION</u>	<u>(13,623,452)</u>
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<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>\$ 3,559,336</u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
<u>Functions/Programs:</u>		<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
<u>Judicial</u>		<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
Personal Services	\$ 9,152,743	\$ 0	\$ 0	\$ (9,152,743)
Operating Services	1,688,751	86,817	0	(1,601,934)
Materials and Supplies	491,545	0	0	(491,545)
Travel and Other Charges	191,106	0	0	(191,106)
Debt Service-Interest	32,776	0	0	(32,776)
Depreciation	200,331	0	0	(200,331)
<u>TOTAL PROGRAM EXPENSES</u>	<u>\$11,757,252</u>	<u>\$86,817</u>	<u>\$ 0</u>	<u>\$(11,670,435)</u>
 <u>Program Revenues</u>				
Commission on License				53,448
Fees - 911				751,854
Fines & Costs				434,344
Civil & Criminal Fees				334,732
Housing Prisoners				2,101,631
Other				973,044
<u>TOTAL PROGRAM REVENUES</u>				<u>4,649,053</u>
<u>NET PROGRAM EXPENSES</u>				<u>(7,021,382)</u>
 <u>General Revenues</u>				
Taxes - Ad Valorem				2,706,999
Taxes - Sales Tax				2,829,985
Grants & contributions not restricted to specific programs				
State revenue sharing				233,710
Other				771,990
Book Value of Disposed Assets				(4,869)
Interest Earned				1,251
<u>TOTAL GENERAL REVENUES</u>				<u>6,539,066</u>
<u>Change in Net Position</u>				(482,316)
<u>Net Position at Beginning of Year, As Restated</u>				<u>(13,141,136)</u>
<u>Net Position at End of Year</u>				<u>\$(13,623,452)</u>

See Notes to Financial Statements

BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 58,828	\$162,913	\$ 221,741
Receivables	<u>538,894</u>	<u>0</u>	<u>538,894</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 597,722</u>	 <u>\$162,913</u>	 <u>\$ 760,635</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$1,227,535	\$ 0	\$1,227,535
 <u>TOTAL LIABILITIES</u>	 1,227,535	 0	 1,227,535
Fund Balances:			
Assigned	0	162,913	162,913
Unassigned	<u>(629,813)</u>	<u>0</u>	<u>(629,813)</u>
 <u>TOTAL FUND BALANCES</u>	 <u>(629,813)</u>	 <u>162,913</u>	 <u>(466,900)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>\$ 597,722</u>	 <u>\$162,913</u>	 <u>\$ 760,635</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Total Fund Balances - Governmental Funds \$ (466,900)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred Outflows - Pension Related		1,286,106
Deferred Outflow - OPEB Related		156,349

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds.

Cost of Capital Assets	3,264,360	
Less: Accumulated Depreciation	<u>(1,908,114)</u>	1,356,246

Long-term liabilities are not due and payable in the current period. Accordingly, they are not reported as liabilities in the Governmental Funds. All liabilities are reported in the Statement of Net Position.

Installment Loans	99,375	
Tax Anticipation Loans	0	
Deferred Comp. Payable	279,821	
Net Post Employment Benefit Obligation	11,258,623	
Net Pension Liability	3,479,969	
Deferred Inflows - Pension Related	<u>837,465</u>	<u>(15,955,253)</u>

<u>Net Position</u>		<u>\$(13,623,452)</u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 2,706,999	\$ 0	\$2,706,999
Sales Taxes	2,829,985	0	2,829,985
Intergovernmental Revenues:			
Federal Grants	69,144	0	69,144
Local Grants	28,709	0	28,709
State Grants	760,954	0	760,954
State Revenue Sharing	233,710	0	233,710
Fees, Charges & Services:			
Fees - 911	0	751,854	751,854
Licenses	53,448	0	53,448
Fines & Cost	434,344	0	434,344
Civil	334,732	0	334,732
Housing Prisoners	2,101,631	0	2,101,631
Use of Money - Interest Earnings	1,251	0	1,251
Other	<u>816,878</u>	<u>156,166</u>	<u>973,044</u>
<u>TOTAL REVENUES</u>	<u>10,371,785</u>	<u>908,020</u>	<u>11,279,805</u>
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services and Related Benefits	8,747,231	459,250	9,206,481
Operating Services	1,536,315	152,436	1,688,751
Materials and Supplies	491,545	0	491,545
Travel and Other Charges	12,194	178,912	191,106
Debt Service:			
Principal	1,663,678	0	1,663,678
Interest and Bank Charges	32,776	0	32,776
Capital Outlay	<u>36,202</u>	<u>0</u>	<u>36,202</u>
<u>TOTAL EXPENDITURES</u>	<u>12,519,941</u>	<u>790,598</u>	<u>13,310,539</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER EXPENDITURES</u>	(2,148,156)	117,422	(2,030,734)
<u>OTHER FINANCING SOURCES</u>			
Proceeds from Bank Loan	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</u>			
<u>SOURCES OVER EXPENDITURES</u>	(648,156)	117,422	(530,734)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>18,343</u>	<u>45,491</u>	<u>63,834</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (629,813)</u>	<u>\$162,913</u>	<u>\$ (466,900)</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances	\$(530,734)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in government funds as fund expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays for the periods.

Capital Outlays reported in the Funds	36,202	
Less: Depreciation reported in Statement of Activities	<u>(200,331)</u>	(164,129)

Disposition of capital assets is not recognized in governmental funds. However, in the statement of activities, the book value of disposed assets is recorded as an expense.	(4,869)
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Additional loan proceeds is another financing source in the governmental funds, but the loans increase long-term liabilities in the Statement of Net Position.	(1,500,000)
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Repayment of loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,663,678
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In the Statement of Activities, certain operating expenses - Comp Time - are measured by the amounts earning during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(39,173)
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Net Post-Employment Benefit Obligation Expensed	(295,622)
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Non-Employer Contributions to Cost-Sharing Pension Plan	319,005
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Pension Expense	<u>69,528</u>
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<u>Change in Net Position of Governmental Activities</u>	<u><u>\$(482,316)</u></u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	<u>Sheriff's</u> <u>Fund</u>	<u>Inmate</u> <u>Trust</u> <u>Fund</u>	<u>Tax</u> <u>Collector</u> <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$1,016,107</u>	<u>\$26,003</u>	<u>\$310,934</u>	<u>\$1,353,044</u>
<u>LIABILITIES</u>				
Due to Taxing Bodies and Others	<u>\$1,016,107</u>	<u>\$26,003</u>	<u>\$310,934</u>	<u>\$1,353,044</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within Vernon and surrounding parishes.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Vernon Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernon Parish Sheriff is considered a primary government, since it is a special purpose government that has a separately elected official, is legally separate, and is fiscally independent of other state or local governments. As described in GASB Statement No. 14, fiscally independent means that the Sheriff may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Sheriff also has no component units, as other legally separate organizations for which the Sheriff is financially accountable. There are no other primary governments with which the Sheriff has a significant relationship.

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Sheriff includes all funds, account groups, and activities that are controlled by the Sheriff as an independently elected official. As such, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. This report only includes all funds which are controlled by or dependent upon the Vernon Parish Sheriff.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS - GOVERNMENT - WIDE STATEMENTS

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Sheriff as a whole.

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary of Assets and Liabilities at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position is reported in three parts; net investment in capital assets, net of any related debt; restricted net position; and unrestricted net position.

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Fund financial statements report detailed information about the Sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into two categories; governmental and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public. Fiduciary funds are used to account for assets held for others. The Sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Sheriff are described as follows:

Government Fund Types

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Sheriff and is used to account for the operations of the Sheriff's office. The various fees and charges due to the Sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund. The general fund is the only fund classified as a major fund.

Special Revenue Funds - The Inmate Commissary Fund is used to account for the proceeds of specific revenue sources such as sales to inmates. The Vernon Communication District Fund is used to account for the operations of the Parish E911 service. Those revenues are restricted to expenditures for specified purposes.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Fiduciary Fund Type - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Vernon Parish Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Those revenues susceptible to accrual include ad valorem taxes, state revenue sharing, interest revenue, commissions, and charges for services. Federal, state and local aid and grants are recorded when the Sheriff is entitled to the funds.

Other intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. All miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

F. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control. The Vernon Parish Sheriff prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the Sheriff.

All Budget appropriations lapse at year end.

Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments.

G. SALES TAX

The voters of Vernon Parish approved a one-half percent (½%) sales tax effective April 1, 2004, dedicated for the purpose of providing additional funding for the law enforcement district. The tax is perpetual. The Vernon Parish Sales Tax Department collects the tax and remits to the Sheriff. For this service the Sheriff pays a pro-rate share of administrative expense of the tax collection.

H. ENCUMBRANCES

Encumbrance accounting is not used in the Sheriff's operations.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the sheriff must deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Sheriff, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Depreciation</u>	<u>Estimated Lives</u>
Vehicles	5 Years
Furniture & Fixtures	10-20 Years
Buildings	40 Years

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

K. RISK MANAGEMENT

The Sheriff's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Louisiana law provides that the Sheriff may join with other Sheriffs to form an interlocal risk management agency for the development and administration of an interlocal risk management program. The Vernon Parish Sheriff has joined together with other Sheriffs to form the Louisiana Sheriff's Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for Louisiana Sheriffs. The Sheriff pays an annual premium to the pool for its general and professional liability insurance coverage.

The agreement for formation of the Louisiana Sheriff's Risk Management Program, administered by the Louisiana Sheriff's Association, provides for the pool to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$3,000,000 for each insured event. The Sheriff estimates the range of contingent losses, if any, to be borne by the government will not exceed the available insurance coverage.

The Louisiana Sheriff's Risk Management Program has published its own financial report which can be obtained from the Louisiana Sheriff's Association, 1175 Nicholson Drive, Baton Rouge, La 70804.

In addition to the above, the Sheriff has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

L. COMPENSATED ABSENCES

Full-time deputies of the Sheriff's office, depending on length of service, earn from 5 to 20 days of vacation and sick leave each year. Vacation leave must be taken in the year earned. Accumulated sick leave is not paid upon termination of employment. At June 30, 2018, there are no accumulated and vested benefits relating to vacation and sick leave that require disclosure or accrual to conform with generally accepted accounting principles.

Comp. time is earned for overtime hours worked. The comp time is calculated based on 1 ½ time of hourly rate (including supplemental pay). Comp time is taken by time off, however, comp time earned and accrued is paid upon termination of the employee. Comp time earned in excess of 480 hours must be paid to the employee.

The comp time is measured by any amounts actually paid in the government funds.

The comp time is measured when actually earned in the government-wide statements and comp time earned and not paid is recorded as a liability.

Comp time earned and accrued at June 30, 2018 totaled \$279,821.

M. BAD DEBTS

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels all receivables at year end are collectable and no allowance for bad debts is necessary.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

N. ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

O. EQUITY CLASSIFICATIONS - GOVERNMENT-WIDE STATEMENTS

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Sheriff reports three categories of net position, as follows:

- **Net Investment in capital assets** - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- **Restricted net position** - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Sheriff's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- **Unrestricted net position** - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Sheriff.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The Sheriff's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision making authority.

Assigned - represents balances that are constrained by the Sheriff's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS - CONTINUED

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Sheriff's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Sheriff's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Q. PENSION PLANS

The Vernon Parish Sheriff's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

R. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ending June 30, 2018, the Sheriff adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". This resulted in a restatement of previously reported net position as follows:

Governmental funds net position as previously reported at June 30, 2017	\$ (4,490,339)
Prior period adjustment:	
Net effect of recording total OPEB liability	(8,650,797)
Governmental funds net position as restated, June 30, 2017	<u>\$ (13,141,136)</u>

S. OTHER POSTEMPLOYMENT BENEFITS

The sheriff follows GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which requires the accrual of other postemployment benefits for retired employees. The sheriff has recorded a liability for other postemployment benefits (see Note 7). In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - LEVIED TAXES

Act 689 of the regular session of the Louisiana Legislature of 1976 provided initial financing authorization for the levy of an ad valorem tax millage for the law enforcement district. Voters of the district subsequently approved an increase in the ad valorem tax beyond initial authorization. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u> <u>Expiration</u>	<u>Levied</u> <u>Millage</u>	<u>Millage</u>
Law Enforcement District	Indefinite	12.34	12.34
Law Enforcement District	2020	7.90	7.90

NOTE 3 - CASH AND CASH EQUIVALENTS

For the purpose of these financial statements, the Sheriff considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

At June 30, 2018, the Sheriff has cash and cash equivalents (book balances) totaling \$1,574,785 as follows:

	<u>Statement of</u> <u>Net Position</u>	<u>Statement of</u> <u>Fiduciary Assets & Liabilities</u>	<u>Total</u>
Petty Cash	\$ 1,800	\$ 0	\$ 1,800
Demand Deposits	<u>219,941</u>	<u>1,353,044</u>	<u>1,572,985</u>
<u>TOTAL</u>	<u>\$221,741</u>	<u>\$1,353,044</u>	<u>\$1,574,785</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2018, the Sheriff has \$1,868,368 in deposits (collected bank balances). These deposits are secured from risk by \$316,924 of federal deposit insurance and \$1,551,444 was collateralized by securities by pledging banks in the Sheriff's name.

NOTE 4 - RECEIVABLES

The receivables at June 30, 2018, are as follows:

<u>Class of Receivable</u>	<u>General</u> <u>Fund</u>	<u>Agency</u> <u>Funds</u>	<u>Total</u>
Advalorem and Sales Tax	\$311,462	\$0	\$311,462
License	2,174	0	2,174
Fees, Charges, and Commissions for Services	41,716	0	41,716
Grants	41,110	0	41,110
Feeding and Keeping of Prisoners	49,062	0	49,062
Other	<u>93,370</u>	<u>0</u>	<u>93,370</u>
<u>TOTAL</u>	<u>\$538,894</u>	<u>\$0</u>	<u>\$538,894</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 follows:

	Balance June 30, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>
<u>Capital Assets</u>				
Vehicles	\$ 495,316	\$ 0	\$247,643	\$ 247,673
Furniture & Equipment	633,137	36,202	0	669,339
Buildings	2,217,958	0	0	2,217,958
Land	<u>129,390</u>	<u>0</u>	<u>0</u>	<u>129,390</u>
	<u>\$3,475,801</u>	<u>\$ 36,202</u>	<u>\$247,643</u>	<u>\$3,264,360</u>
<u>Accumulated Depreciation</u>				
Vehicles	\$ 300,323	\$ 49,534	\$242,775	\$ 107,082
Furniture & Equipment	332,516	94,750	0	427,266
Buildings	<u>1,317,719</u>	<u>56,047</u>	<u>0</u>	<u>1,373,766</u>
	<u>1,950,558</u>	<u>200,331</u>	<u>242,775</u>	<u>1,908,114</u>
<u>Net Capital Assets</u>	<u>\$1,525,243</u>	<u>\$164,129</u>	<u>\$ 4,868</u>	<u>\$1,356,246</u>

NOTE 6 - PENSION PLAN

Substantially all employees of the Vernon Parish Sheriff's office are members of the Louisiana Sheriffs Pension and Relief Fund (the System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and deputies who are found to be physically fit, earn at least \$400 per month, and who were at least 18 years of age at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to percentage of their final-average salary for each year of credited service. Final - average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary and the Vernon Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.75 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Vernon Parish Sheriff are established

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN - CONTINUED

and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Vernon Parish Sheriff's contributions to the System for the years ended June 30, 2016, 2017, and 2018 were \$764,069, \$737,545 and \$654,137, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Sheriff reported a liability of \$3,479,964 for its proportionate share of the net pension liability of the system. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Sheriff's proportion was .8036% which was an decrease of .0101% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$(69,528) representing its proportionate share of the system's net expense, including amortization of deferred amounts.

At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 612,318	\$(605,781)
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	19,651	(49,948)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	(181,736)
Employer contributions subsequent to the measurement date	<u>654,137</u>	<u>0</u>
Total	<u>\$1,286,106</u>	<u>\$(837,465)</u>

The Sheriff reported a total of \$654,137 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2018	\$(189,512)
2019	182,582
2020	40,981
2021	(267,282)
2022	20,308
2023	<u>7,227</u>
	<u>\$(205,696)</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN - CONTINUED

Actuarial Assumptions

A Summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense
Discount Rate	7.4%
Projected Salary Increases	5.5% (2.775% inflation, 2.725% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries
Expected Remaining Service Lives	2017 - 7 years 2016 - 7 years 2015 - 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Changes in Valuation Methods and Assumptions	The discount rate was lowered from 7.5% to 7.4% for the year ended June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Securities	60%	7.4%	4.40%
Bonds	25%	2.6%	0.70%
Alternative Investments	15%	4.2%	0.60%
Total	<u>100%</u>		5.70%
Inflation			2.60%
Expected Arithmetic Nominal Return			<u>8.30%</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN - CONTINUED

Mortality Rate

The mortality rate assumptions were set after reviewing an experience study performed over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Discount Rate

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Sheriff's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Sheriff's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSPRF			
Rates	6.40%	7.40%	8.40%
VPSO Share of NPL	\$7,169,643	\$3,479,964	\$375,601

Change in Net Pension Liability

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the pension liability, changes of assumptions about future economic or demographic factors, and changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

NOTE 7 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan Description - The Vernon Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Vernon Parish Sheriff's OPEB Plan (the OPEB Plan) is

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - CONTINUED

a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria - Defined Benefit*.

Benefits Provided - Medical and life insurance benefits are provided to employees upon actual retirement. The employer pays a portion of the medical coverage for the retiree only (not dependents), depending on length of service at retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service.

Life insurance coverage is continued to retirees. The employer pays for the first \$10,000 of life insurance after retirement for the retiree and the retirees pay for the volume in excess of \$10,000. However, both the employer and retiree rates are based on the blended active/retired rate and there is thus an implied subsidy. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

Employees covered by benefit terms - At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	43
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>130</u>
	<u>173</u>

Total OPEB Liability

The Sheriff's total OPEB liability of \$11,258,623 was measured as of June 30, 2018 and was determined by an actuarial valuation as of the date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	4.0% including inflation
Discount Rate	3.62%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - CONTINUED

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$10,806,652
Changes for the year:	
Service Cost	152,732
Interest	396,730
Differences between expected and actual experience	166,121
Benefit payments and net transfers	<u>(263,612)</u>
Net Changes	<u>451,971</u>
 Balance at June 30, 2018	 <u>\$11,258,623</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.62%) or 1-percentage point higher (4.62%) than the current discount rate:

	1.0% Decrease <u>(2.62%)</u>	Current Discount Rate <u>(3.62%)</u>	1.0% Increase <u>(4.62)</u>
Total OPEB liability	<u>\$13,664,883</u>	<u>\$11,258,623</u>	<u>\$9,418,599</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.5%) or 1-percentage point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease <u>(4.5%)</u>	Current Trend <u>(5.5%)</u>	1.0% Increase <u>(6.5%)</u>
Total OPEB liability	<u>\$9,442,501</u>	<u>\$11,258,623</u>	<u>\$13,614,049</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$559,234. At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	<u>\$156,349</u>	<u>\$0</u>
Total	<u>\$156,349</u>	<u>\$0</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2019	9,772
2020	9,772
2021	9,772
2022	9,772
2023	9,772
Thereafter	97,718

NOTE 8 - CHANGES IN AGENCY FUNDS

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Balance June 30, 2017	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2018
Agency Funds:				
Sheriff's	\$1,126,546	\$ 1,504,030	\$ 1,614,469	\$1,016,107
Tax Collector	70,414	18,732,735	18,492,215	310,934
Inmate Trust	<u>65,337</u>	<u>408,598</u>	<u>447,932</u>	<u>26,003</u>
<u>TOTAL</u>	<u>\$1,262,297</u>	<u>\$20,645,363</u>	<u>\$20,554,616</u>	<u>\$1,353,044</u>

NOTE 9 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance June 30, 2017	<u>Additional</u>	<u>Reductions</u>	Balance June 30, 2017	Amounts Due Within Year
Installment Loans	\$263,053	\$ 0	\$ 163,678	\$ 99,375	\$99,375
Tax Anticipation Loan	0	1,500,000	1,500,000	0	0
Deferred Comp. Payable	<u>240,648</u>	<u>319,255</u>	<u>280,082</u>	<u>279,821</u>	<u>0</u>
	<u>\$503,701</u>	<u>\$1,819,255</u>	<u>\$1,943,760</u>	<u>\$379,196</u>	<u>\$99,375</u>

Installment Loans

Financed 2 vehicles at Sabine State Bank due in monthly installments of \$2,158 which includes interest at 3.25%. \$ 21,266

Financed equipment at Kansas State Bank due in monthly installments of \$7,144 which includes interest at 2.37%. 21,339

Financed 4 vehicles at Sabine State Bank due in monthly installments of \$4,815 which includes interest at 3.25%. 56,770
\$99,375

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS - continued

Annual Debt Service Requirements

The annual debt service requirements to maturity (excluding deferred comp.) including principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$99,375</u>	<u>\$1,420</u>	<u>\$100,795</u>

NOTE 10 - TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the tax collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the tax collector refunds the amount due, with interest at the rate of 2 percent per annum from the date the funds were received by the tax collector. The following is a summary of changes in the taxes paid under protest as recorded in the Tax Collector Agency Fund:

Balance, June 30, 2017	\$ 5,934
Additions:	
Taxes	96,719
Interest	19
Settlements to Taxing Bodies and Others	<u>0</u>
Balance, June 30, 2018	<u>\$102,672</u>

NOTE 11 - ON - BEHALF PAYMENTS

Expenditures for operation and maintenance of the Sheriff's office and the accounting office located in the parish courthouse annex, and the courthouse annex as required by Louisiana Revised Statute 33:4715, are paid by the Vernon Parish Police Jury.

NOTE 12 - LITIGATION AND CLAIMS

At June 30, 2018, the sheriff is involved in three litigation matters. Legal council has not determined if any of the matters may be a case of liability but all would be under insurance limits.

NOTE 13 - EX-OFFICIO TAX COLLECTOR

The amount of cash on hand at June 30, 2018 was \$310,934. The unsettled balances of the Tax Collector Fund at June 30, 2018 consist of:

Refunds & Redemptions	<u>\$310,934</u>
	<u>\$310,934</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - EX-OFFICIO TAX COLLECTOR - continued

The amount of taxes collected for the current year by taxing authority was as follows:

<u>Taxing Authority</u>	<u>Taxes Collected</u>
Vernon Parish Assessor	\$ 904,974
Vernon Parish Sheriff	2,808,866
Vernon Parish Police Jury	5,232,560
Vernon Parish School Board	7,596,704
La Agriculture & Forestry Commission	35,564
South Vernon Parish Water District	66,175
West Vernon Parish Water District	59,028
Louisiana Tax Commission	9,304
Vernon Parish Clerk	42,683
Vernon Parish District Attorney	32,610
Municipal Employees	42,683
Parochial Employees	42,683
Vernon Parish Registrar of Voters	10,671
	<u>\$16,884,505</u>

There were no taxes uncollected due to bankruptcies.

The amount of collection on behalf of other taxing authorities is as follows:

<u>Taxing Authority</u>	<u>Vernon Parish Police Jury</u>	<u>La Department Wildlife & Fisheries</u>	<u>Commission to Vernon Parish Sheriff</u>	<u>Final Distribution</u>
Occupational License	\$293,185	\$0	\$51,739	\$344,924
Gaming License	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$293,185</u>	<u>\$0</u>	<u>\$51,739</u>	<u>\$344,924</u>

The Vernon Parish Sheriff's Office does not collect sales tax, hotel/motel tax, tax incremental finance district, public utility insurance premiums or any other taxes other than ad valorem tax and occupational licenses for tax authorities.

NOTE 14 - RELATED PARTY TRANSACTIONS

There were no related party transactions that came to our attention.

NOTE 15 - VERNON CORRECTIONAL FACILITY

The Vernon Correctional Facility was closed March 31, 2018. Management anticipates the closure will result in an overall positive cash flow for the Sheriff Department in future years.

NOTE 16 - SUBSEQUENT EVENTS

The Sheriff's management has evaluated subsequent events through the date the financial statements were available to be issued, December 14, 2018 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
PART II

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - Ad Valorem	\$ 2,900,000	\$ 2,735,005	\$ 2,706,999	\$ (28,006)
Taxes - Sales	2,800,000	3,045,900	2,829,985	(215,915)
Intergovernmental Revenues:				
Federal Grants	31,000	70,408	69,144	(1,264)
Local Grants	33,000	26,472	28,709	2,237
State Grants	646,000	714,473	760,954	46,481
State Revenue Sharing	233,700	233,710	233,710	0
Fees, Charges & Services				
Licenses	65,000	53,913	53,448	(465)
Fines & Costs	385,000	480,460	434,344	(46,116)
Civil	332,000	334,762	334,732	(30)
Housing Prisoners	2,562,000	2,433,030	2,101,631	(331,399)
Use of Money - Interest Earnings	1,000	354	1,251	897
Other	1,110,500	1,080,028	816,878	(263,150)
<u>TOTAL REVENUES</u>	<u>\$11,099,200</u>	<u>\$11,208,515</u>	<u>\$10,371,785</u>	<u>\$ (836,730)</u>
<u>EXPENDITURES</u>				
Public Safety				
Personal Services & Related Benefits	\$ 8,445,300	\$ 9,760,717	\$ 8,747,231	\$1,013,486
Operating Services	1,531,000	1,461,205	1,536,315	(75,110)
Materials and Supplies	761,400	523,114	491,545	31,569
Travel and Other Charges	22,400	13,000	12,194	806
Debt Service				
Principal & Interest	1,711,000	1,701,269	1,696,454	4,815
Capital Outlay	80,200	61,215	36,202	25,013
<u>TOTAL EXPENDITURES</u>	<u>12,551,300</u>	<u>13,520,520</u>	<u>12,519,941</u>	<u>1,000,579</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(1,452,100)</u>	<u>(2,312,005)</u>	<u>(2,148,156)</u>	<u>163,849</u>
<u>OTHER FINANCING SOURCES</u>				
Installment Loans	0	0	0	0
Proceeds from Bank Loans	1,500,000	1,500,000	1,500,000	0
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	<u>47,900</u>	<u>(812,005)</u>	<u>(648,156)</u>	<u>163,849</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>18,343</u>	<u>18,343</u>	<u>18,343</u>	<u>0</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 66,243</u>	<u>\$ (793,662)</u>	<u>\$ (629,813)</u>	<u>\$ 163,849</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Service Cost	\$ 152,732
Interest	396,730
Changes of Benefit Terms	0
Differences between Expected & Actual Experience	166,121
Changes of assumptions	0
Benefit Payments	<u>(263,612)</u>
Net Change in Total OPEB Liability	451,971
Total OPEB Liability - Beginning	<u>10,806,652</u>
Total OPEB Liability - Ending	<u>\$11,258,623</u>
Net OPEB Liability	<u>\$11,258,623</u>
Covered Employee Payroll	\$4,246,748
Net OPEB Liability as a Percentage of Covered Employee Payroll	265.11%
Fiduciary Net Position	0
Funded Ratio	0%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF VERNON PARISH SHERIFF'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Year End</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to</u> <u>Contractual</u> <u>Required</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Employer's</u> <u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions</u> <u>as a % of</u> <u>Covered</u> <u>Employee</u> <u>Payroll</u>
2015	\$765,354	\$765,354	\$0	\$5,370,905	14.25%
2016	\$764,069	\$764,069	\$0	\$5,556,857	13.75%
2017	\$737,545	\$737,545	\$0	\$5,566,364	13.25%
2018	\$654,137	\$654,137	\$0	\$5,130,486	12.75%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF SHERIFF PROPORTEMNT SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

Year Ended <u>June 30,</u>	Employer Proportion Of the Net Pension Liability <u>(Asset)</u>	Employer Proportionate Share of the Net Pension Liability <u>(Asset)</u>	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total <u>Pension Liability</u>
2015	.8451	\$3,346,418	\$5,370,905	62.3064%	87.34%
2016	.8101	\$5,556,857	\$5,556,857	64.9812%	86.61%
2017	.8137	\$5,164,176	\$5,566,364	92.7746%	82.10%
2018	.8036	\$3,479,964	\$5,130,486	67.8291%	88.49%

The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTE TO CHANGES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Changes in Valuation
Methods and Assumptions

The valuation interest rate was lowered from 7.5% to 7.4% for the year ended June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
FIDUCIARY FUND TYPE - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Sheriff's Fund - Accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collection of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws. The Sheriff's Fund is comprised of the Civil, Bond, Fines and Costs Funds, and the Probation Fund of the Sheriff.

Tax Collector Fund - Article V, Section 27, of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Inmate Fund - Accounts for money deposited by various prison inmates while incarcerated by the Sheriff. Withdrawals are made for purchased by the inmates. Remaining balances to the credit of a prisoner are refunded upon release or transfer to another prison.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
FIDUCIARY FUND TYPES - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN BALANCES
DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Sheriff's Fund</u>	<u>Inmate Trust Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<u>BALANCES AT BEGINNING OF YEAR</u>	\$1,126,546	\$ 65,337	\$ 70,414	\$1,262,297
<u>ADDITIONS</u>				
Deposits:				
Bonds	98,687	0	0	98,687
Fines and Costs	688,014	0	0	688,014
Advance Deposits (Suits)	717,087	0	0	717,087
Taxes, Fees, Etc., Paid to				
Tax Collector	0	0	18,714,260	18,714,260
Interest Earned	242	0	18,475	18,717
Inmate Deposits	<u>0</u>	<u>408,598</u>	<u>0</u>	<u>408,598</u>
<u>TOTAL ADDITIONS</u>	<u>1,504,030</u>	<u>408,598</u>	<u>18,732,735</u>	<u>20,645,363</u>
<u>TOTAL AVAILABLE</u>	<u>2,630,576</u>	<u>473,935</u>	<u>18,803,149</u>	<u>21,907,660</u>
<u>REDUCTIONS</u>				
Taxes, Fees, Etc., Distributed to Taxing Bodies and others	0	0	18,492,215	18,492,215
Deposits Settled to:				
Sheriff's General Fund	293,072	266,451	0	559,523
Police Jury	24,034	0	0	24,034
District Attorney	164,085	0	0	164,085
Clerk of Court	28,107	0	0	28,107
Indigent Defender Board	76,557	0	0	76,557
Attorneys, Appraisers, Etc.	223,107	0	0	223,107
Other Settlements	805,507	0	0	805,507
Withdrawals by/for Inmates	<u>0</u>	<u>181,481</u>	<u>0</u>	<u>181,481</u>
<u>TOTAL REDUCTIONS</u>	<u>1,614,469</u>	<u>447,932</u>	<u>18,492,215</u>	<u>20,554,616</u>
<u>BALANCES AT END OF YEAR</u>	<u>\$1,016,107</u>	<u>\$ 26,003</u>	<u>\$ 310,934</u>	<u>\$1,353,044</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	<u>Vernon Communication District</u>	<u>Inmate Commissary Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$161,704</u>	<u>\$1,209</u>	<u>\$162,913</u>
<u>TOTAL ASSETS</u>	<u>\$161,704</u>	<u>\$1,209</u>	<u>\$162,913</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>TOTAL LIABILITIES</u>	0	0	0
Fund Balances:			
Assigned	<u>161,704</u>	<u>1,209</u>	<u>162,913</u>
<u>TOTAL FUND BALANCES</u>	<u>161,704</u>	<u>1,209</u>	<u>162,913</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$161,704</u>	<u>\$1,209</u>	<u>\$162,913</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Vernon Communication <u>District</u>	Inmate Commissary <u>Funds</u>	<u>Total</u>
<u>REVENUES</u>			
Fees, Charges & Services	\$751,854	\$ 0	\$751,854
Other	<u>9,337</u>	<u>146,829</u>	<u>156,166</u>
<u>TOTAL REVENUES</u>	761,191	146,829	908,020
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services & Related Benefits	459,250	0	459,250
Operating Services	152,436	0	152,436
Travel and Other Charges	<u>0</u>	<u>178,912</u>	<u>178,912</u>
<u>TOTAL EXPENDITURES</u>	<u>611,686</u>	<u>178,912</u>	<u>790,598</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER EXPENDITURES</u>	149,505	(32,083)	117,422
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>12,199</u>	<u>33,292</u>	<u>45,491</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$161,704</u>	<u>\$ 1,209</u>	<u>\$162,913</u>

STATE OF LOUISIANA, PARISH OF VERNON

AFFIDAVIT

JOHN S. CRAFT (Sheriff's Name), Sheriff of VERNON (Parish)

BEFORE ME, the undersigned authority, personally came and appeared, JOHN S. CRAFT (Name), the sheriff of VERNON Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$ 310,934.00 is the amount of cash on hand in the tax collector account on 6-30-2018 (Date);

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2017, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.

John S. Craft
Signature
Sheriff of VERNON
(Parish)

SWORN to and subscribed before me, Notary, this 18th day of September 2018, in my office in the Leesville, Louisiana.
(City/Town)

Melissa Hillman (Signature)

Melissa Hillman (Print), # 69564

Notary Public

at death (Commission)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2018

Agency Head Name/ Title: Sam Craft, Sheriff

Purpose:

Salary	\$160,338
Benefits - Insurance	10,247
Benefits - Other	1,620
Benefits - Retirement	0
Car Allowance	0
Vehicle Provided by Government	0
Deferred Compensation	0
Other (vision)	0
Benefits - Other (GTL)	0
Continuing Professional Education	0
Per Diem	51
Reimbursements	0
Travel	339
Registration Fees	50
Conference Travel	310
	<u>\$172,955</u>

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

MARCUS, ROBINSON, and HASSELL

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable John S. Craft
Vernon Parish Sheriff
Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Vernon Parish Sheriff's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vernon Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vernon Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Vernon Parish Sheriff's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vernon Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the Vernon Parish Sheriff and the Legislative Auditor of Louisiana and is not intended to be, and should not be used by anyone other than the specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
December 14, 2018

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish Sheriff, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 14, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditor's Results

- Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Compliance

Compliance Material to Financial Statements yes no

- Federal Awards -N/A

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Type of Opinion on Compliance Unmodified Modified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

- Identification of Major Programs: N/A

CFDA Number(s) Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? yes No N/A

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs - N/A

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section

Section II - Internal Control and Compliance Material to Federal Awards

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

VERNON PARISH SHERIFF
Leesville, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon procedures

Year Ended June 30, 2018

MARCUS, ROBINSON, and HASSELL

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable John S. Craft
Vernon Parish Sheriff and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Vernon Parish Sheriff and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) area identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

There were no exceptions noted as a result of applying this procedure.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with public bid law; and (5) documentation required to be maintained for all bids and price quotes.

There were no exceptions noted as a result of applying this procedure.

- c) **Disbursements**, including processing, reviewing and approving.

There were no exceptions noted as a result of applying this procedure.

- d) **Receipts**, including receiving, recording, and preparing deposits.

There were no exceptions noted as a result of applying this procedure.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

There were no exceptions noted as a result of applying this procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standards terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

There were no exceptions noted as a result of applying this procedure.

- g) **Credit cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

There were no exceptions noted as a result of applying this procedure.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

There were no exceptions noted as a result of applying this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

There were no exceptions noted as a result of applying this procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

There were no exceptions noted as a result of applying this procedure.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Vernon Parish Sheriff is not required to meet and maintain minutes each month. We did note that periodic meetings between the Sheriff, Chief Deputy, and Accounting Deputy took place to review budget-to-actual comparisons.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds.

The Vernon Parish Sheriff is not required to meet and maintain minutes each month. We did note that periodic meetings between the Sheriff, Chief Deputy and Accounting Deputy took place to review budget-to-actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not Applicable, no negative fund balances.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained listing of client bank accounts and management's representation that listing is complete. Test Month - March 2018

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

There were no exceptions noted as a result of applying this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

There were no exceptions noted as a result of applying this procedure.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no exceptions noted as a result of applying this procedure.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites and management's representation that the listing is complete was obtained. The only deposit site is the accounting office.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

There were no exceptions noted as a result of applying this procedure.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

The only time a collection site is shared is if the Accounting Deputy collects cash due to an employee being absent. This situation seldom happens.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

There were no exceptions noted as a result of applying this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The Accounting Deputy posts collection entries to the general ledger. On occasion (as noted in 5-b) she also collects cash.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

On occasion when the Accounting Deputy collects cash, another employee verifies the cash reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Examined bond policy in audit procedures. No exception noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedures #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day. Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

Not Applicable

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

There were no exceptions noted as a result of applying this procedure.

c) Trace the deposit slip total to the actual deposit per the bank statement.

There were no exceptions noted as a result of applying this procedure.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

There were no exceptions noted as a result of applying this procedure.

e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions noted as a result of applying this procedure.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Payments are processed in the accounting department.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There were no exceptions noted as a result of applying this procedure.

b) At least two employees are involved in processing and approving payments to vendors.

There were no exceptions noted as a result of applying this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The Accounting Deputy is responsible for processing payments is not prohibited from adding/modifying vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Accounting Deputy processes payments but does not mail signed checks.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

There were no exceptions noted as a result of applying this procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

There were no exceptions noted as a result of applying this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

There were no exceptions noted as a result of applying this procedure.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Three VISA and two Fuel cards were selected.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. (Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported).

There were no exceptions noted as a result of applying this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finance charges were assessed on two VISA cards totaling \$9.65.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

There were no exceptions noted as a result of applying this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no exceptions noted as a result of applying this procedure.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no exceptions noted as a result of applying this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

There were no exceptions noted as a result of applying this procedure.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted as a result of applying this procedure.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active

vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No contracts in force were subject to Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

There were no exceptions noted as a result of applying this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No contracts were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

There were no exceptions noted as a result of applying this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted as a result of applying this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

There were no exceptions noted as a result of applying this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There were no exceptions noted as a result of applying this procedure.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee officials' authorized pay rates in the employee/officials' personnel files.

There were no exceptions noted as a result of applying this procedure.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

All payroll tax deposits and workers' compensation premiums were paid timely and associated forms have been filed.

Retirement contributions and health insurance premiums were delinquent, however, all were paid in full by July 10, 2018.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

Debt Service

21. Obtain a listing of bond/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

There were no exceptions noted as a result of applying this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's

representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The only notes outstanding at year end were equipment installment notes. These notes have no reserve requirements or debt covenants.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

N/A - No misappropriations of public funds or assets.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell, CPAs
Monroe, Louisiana
December 14, 2018