

**ST. MARTIN PARISH SHERIFF**  
**St. Martinville, Louisiana**

**Financial Report**

**Year Ended June 30, 2017**

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## OFFICES

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Penny Angelle Scruggins, CPA  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA

Casey L. Ardoin, CPA  
Alan M. Taylor, CPA  
Albert R. Leger, CPA, PFS, CSA\*  
Marshall W. Guidry, CPA  
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®\*  
James R. Roy, CPA  
Robert J. Metz, CPA  
Kelly M. Doucet, CPA  
Mandy B. Self, CPA  
Paul L. Delcambre, Jr., CPA  
Jane R. Hebert, CPA  
Deidre L. Stock, CPA  
Karen V. Fontenot, CPA  
Tabby A. LeMay, CPA  
Seth C. Norris, CPA  
Shayne M. Breaux, CPA

P.O. Box 250  
Breux Bridge, LA 70517

Phone (337) 332-4020  
Fax (337) 332-2867

183 South Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

450 East Main Street  
New Iberia, LA 70560  
Phone (337) 367-9204  
Fax (337) 367-9208

113 East Bridge St.  
Breux Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

200 South Main Street  
Abbeville, LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

1234 David Dr. Ste 203  
Morgan City, LA 70380  
Phone (985) 384-2020  
Fax (985) 384-3020

1013 Main Street  
Franklin, LA 70538  
Phone (337) 828-0272  
Fax (337) 828-0290

434 East Main Street  
Ville Platte, LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

133 East Waddill St.  
Marksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

332 West Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

1428 Metro Drive  
Alexandria, LA 71301  
Phone (318) 442-4421  
Fax (318) 442-9833

## INDEPENDENT AUDITORS' REPORT

WEB SITE  
[WWW.KCSRPCAS.COM](http://WWW.KCSRPCAS.COM)

Retired:  
Conrad O. Chapman, CPA\* 2006

\* A Professional Accounting Corporation

The Honorable Ronald J. Theriot  
St. Martin Parish Sheriff  
St. Martinville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2017, 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.

### *Auditors' 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 from 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 auditors' 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, we consider 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 St. Martin Parish Sheriff, as of June 30, 2017, 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 budgetary comparison information, the schedule of funding progress, the schedule of employer's share of net pension liability, the schedule of employer contributions, and applicable notes to required supplementary information on pages 47-52 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish Sheriff's basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of the St. Martin Parish Sheriff's internal control over financial reporting and on 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 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 St. Martin Parish Sheriff's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 1, 2017

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Net Position  
June 30, 2017

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 7,936,548
Inventory	17,291
Receivables	549,208
Due from other governmental units	662,571
Prepaid items	145,590
Total current assets	<u>9,311,208</u>

Noncurrent assets:

Restricted assets:

Cash and interest-bearing deposits	428
Capital assets, net	11,419,498
Total noncurrent assets	<u>11,419,926</u>

Total assets	<u>20,731,134</u>
--------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

4,080,351

LIABILITIES

Current liabilities:

Accounts payable	167,574
Retainage payable	69,474
Due to others	74,546
Other accrued liabilities	538,080
Capital lease payable	273,205
Bonds payable	245,000
Total current liabilities	<u>1,367,879</u>

Noncurrent liabilities:

Capital lease payable	191,457
OPEB obligation payable	2,606,645
Net pension liability	7,173,845
Total noncurrent liabilities	<u>9,971,947</u>

Total liabilities	<u>11,339,826</u>
-------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

752,457

NET POSITION

Net investment in capital assets	10,954,836
Restricted	428
Unrestricted	1,763,938
Total net position	<u>\$ 12,719,202</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2017

Expenses:

Public safety:

Personal services and related benefits	\$ 10,047,382
Operating services	2,578,643
Operations and maintenance	3,712,344
Interest expense	<u>22,416</u>
Total expenses	<u>16,360,785</u>

Program revenues:

Fines, forfeitures, and other fees	<u>3,024,383</u>
Net program expense	<u>(13,336,402)</u>

General revenues:

Property taxes, levied for general purposes	6,822,937
Sales tax	3,488,364
Federal sources	216,445
State sources	2,145,819
Nonemployer pension contributions	439,067
Interest and investment earnings	33,255
Miscellaneous	<u>699,499</u>
Total general revenues	<u>13,845,386</u>
Change in net position	508,984
Beginning net position	<u>12,210,218</u>
Ending net position	<u>\$ 12,719,202</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

### **MAJOR FUNDS**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **911 Communications District -**

To account for the operation of the communications district which was established to implement and administer the 911 emergency telephone system. The system is financed by user fees assessed on customer's telephone service. Expenditures for this system are paid from this fund.

### **NONMAJOR FUND**

#### **Debt Service Fund**

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Balance Sheet  
Governmental Funds  
June 30, 2017

	General	911 Communications District	Nonmajor Debt Service Fund	Total
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 7,042,152	\$ 894,396	\$ 428	\$ 7,936,976
Receivables:				
Due from other governmental units	662,571	-	-	662,571
Due from other funds	102,277	-	-	102,277
Sales tax receivable	338,979	-	-	338,979
Other receivables	18,230	191,999	-	210,229
Inventory	17,291	-	-	17,291
Prepaid items	139,629	5,961	-	145,590
Total assets	<u>\$ 8,321,129</u>	<u>\$ 1,092,356</u>	<u>\$ 428</u>	<u>\$ 9,413,913</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 167,574	\$ -	\$ -	\$ 167,574
Due to others	74,546	-	-	74,546
Retainage payable	69,474	-	-	69,474
Other accrued liabilities	361,068	11,571	-	372,639
Due to other funds	-	102,277	-	102,277
Total liabilities	<u>672,662</u>	<u>113,848</u>	<u>-</u>	<u>786,510</u>
Fund balances -				
Nonspendable	156,920	5,961	-	162,881
Restricted	-	-	428	428
Committed	-	-	-	-
Assigned	-	972,547	-	972,547
Unassigned	7,491,547	-	-	7,491,547
Total fund balances	<u>7,648,467</u>	<u>978,508</u>	<u>428</u>	<u>8,627,403</u>
Total liabilities and fund balances	<u>\$ 8,321,129</u>	<u>\$ 1,092,356</u>	<u>\$ 428</u>	<u>\$ 9,413,913</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balance for governmental funds at June 30, 2017 \$ 8,627,403

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,134,825	
Construction in progress	3,021,388	
Buildings and improvements, net of \$2,658,956 accumulated depreciation	4,512,001	
Equipment and vehicles, net of \$5,595,551 accumulated depreciation	<u>2,751,284</u>	11,419,498

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Deferred outflows of resources	4,080,351	
Bonds payable, capital lease payable, and underlying accrued interest	(712,764)	
Accrued compensated absences	(162,339)	
Net OPEB obligation payable	(2,606,645)	
Net pension liability	(7,173,845)	
Deferred inflows of resources	<u>(752,457)</u>	<u>(7,327,699)</u>

Total net position of governmental activities at June 30, 2017 \$ 12,719,202

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2017

	General	911 Communications District	Nonmajor Debt Service Fund	Totals
<b>Revenues:</b>				
Taxes	\$ 10,311,301	\$ -	\$ -	\$ 10,311,301
Intergovernmental	2,362,264	-	-	2,362,264
Fees, charges, and commissions for services	2,004,239	1,020,144	-	3,024,383
Interest income	30,196	3,048	11	33,255
Miscellaneous	699,499	-	-	699,499
Total revenues	<u>15,407,499</u>	<u>1,023,192</u>	<u>11</u>	<u>16,430,702</u>
<b>Expenditures:</b>				
Current -				
Public safety:				
Personal services and related benefits	8,864,162	656,155	-	9,520,317
Operating services	2,422,336	156,307	-	2,578,643
Operations and maintenance	2,673,116	137,016	-	2,810,132
Debt service - principal	276,787	-	240,000	516,787
Debt service - interest	10,576	-	13,105	23,681
Capital outlay	<u>2,561,154</u>	<u>7,712</u>	<u>-</u>	<u>2,568,866</u>
Total expenditures	<u>16,808,131</u>	<u>957,190</u>	<u>253,105</u>	<u>18,018,426</u>
Excess (deficiency) of revenues over expenditures	<u>(1,400,632)</u>	<u>66,002</u>	<u>(253,094)</u>	<u>(1,587,724)</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	488,787	-	-	488,787
Transfers in	-	-	253,105	253,105
Transfers out	<u>(253,105)</u>	<u>-</u>	<u>-</u>	<u>(253,105)</u>
Total other financing sources	<u>235,682</u>	<u>-</u>	<u>253,105</u>	<u>488,787</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,164,950)	66,002	11	(1,098,937)
Fund balances, beginning	<u>8,813,417</u>	<u>912,506</u>	<u>417</u>	<u>9,726,340</u>
Fund balances, ending	<u>\$ 7,648,467</u>	<u>\$ 978,508</u>	<u>\$ 428</u>	<u>\$ 8,627,403</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2017

Total net change in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$(1,098,937)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,568,866	
Depreciation expense for the year ended June 30, 2017	<u>(862,274)</u>	1,706,592

Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.

(39,668)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from capital leases	(488,787)	
Principal payments on bonds and capital leases	516,787	
Accrued interest payable on bonds	<u>1,265</u>	29,265

Implementation of GASB 68 (revenue less expense)	243,710
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	(5,804)	
Net OPEB obligation payable	<u>(326,174)</u>	<u>(331,978)</u>

Total change in net position at June 30, 2017 per Statement of Activities	<u>\$ 508,984</u>
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The accompanying notes are an integral part of the basic financial statements.

## **FUND DESCRIPTIONS - FIDUCIARY FUNDS**

### **AGENCY FUNDS**

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net assets.

#### **Civil Fund**

The Civil Fund was established to account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

#### **Tax Collector Fund**

The Tax Collector Fund was established per Article V, Section 27 of the Louisiana Constitution of 1974, which provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Fund is used to collect and distribute these taxes and fees to appropriate taxing bodies.

#### **Installment Fines Fund**

The Installment Fines Fund is used to account for the collection of fines paid on an installment basis as authorized by the court.

#### **Bonds and Fines Fund**

The Bonds and Fines Fund is used to account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

#### **Inmate Trust Fund**

The Prison Inmate Fund is used to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

#### **Inmate Welfare Fund**

The Inmate Welfare Fund is used to account for the funds confiscated from inmates and used for the general welfare of the inmates as a whole.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Fiduciary Net Position - Agency Funds  
June 30, 2017

Assets	
Cash and cash equivalents	<u>\$ 869,937</u>
Liabilities	
Held for inmates	\$ 56,956
Held for taxing bodies	<u>812,981</u>
Total liabilities	<u>\$ 869,937</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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, serving subpoenas, et cetera.

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

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

The accompanying financial statements of the St. Martin Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the St. Martin Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, 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. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish government as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish government, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

In determining the financial reporting entity, the Sheriff complies with the provisions of GASB Statement 14, "The Financial Reporting Entity," and includes all component units of which the Sheriff appointed a voting majority of the units' board; the Sheriff is either able to impose its will on the unit or a financial benefit or burden relationship exists. Blended component units are separate legal entities that meet the criteria described above and whose governing body is the same or substantially the same as the Sheriff or the component unit provides services entirely to the Sheriff. These component units' funds are blended into those of the Sheriff's by appropriate activity type to compose the primary government presentation. The component unit that is blended into the reporting activity of the Sheriff's report is described below:

The 911 Communications District was created in 1988 to implement and administer the 911 emergency telephone system. The Sheriff is financially accountable for the District as a result of fiscal dependency. The District is reported as a special revenue fund.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the Sheriff are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff, if management chooses to define a particular fund as major, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

percent of the corresponding total for all funds of that category or type; and

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Sheriff considered to be major funds are described below:

Governmental Funds –

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for and reports all operations of the Sheriff's office not accounted for and reported in another fund. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, sales and use tax of one half percent (.5%), and fees for feeding and keeping prisoners. Other sources of revenue include video poker revenue, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

911 Communications District Special Revenue Fund

This special revenue fund accounts for the operation of the communications district which was established to implement and administer the conventional and wireless 911 emergency telephone system. The system is financed by user fees assessed on customers' telephone service. Expenditures for this system are paid from this fund.

The following fund is a nonmajor fund:

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Agency Funds –

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The individual agency funds used by the Sheriff for the year ended June 30, 2017 are as follows:

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Civil Fund – To account for funds held in connection with civil suits, Sheriff’s sales and garnishments and payment of these collections to the Sheriff’s General Fund and other recipients in accordance with applicable laws.

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 is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Installment Fines Fund – To account for the collection of fines paid on an installment basis as authorized by the court.

Bonds and Fines Fund – To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff’s General Fund and other recipients in accordance with applicable laws.

Inmate Trust Fund – To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Inmate Welfare Fund – To account for funds confiscated from inmates and used for the general welfare of the inmates as a whole.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. For revenue recognition as it relates to federal awards, available means collectible within 12 months of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The Sheriff's threshold for capitalization is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Employees of the Sheriff's office earn from 96 hours to 120 hours per calendar year of vacation leave depending on total years of service and number of hours worked. A maximum of 48 hours of unused accrued vacation time is allowed to be carried over to subsequent years. Full-time employees earn 96 hours per year of sick leave. Sick leave may be accumulated; however, if an employee resigns or is terminated, the accumulated sick leave is forfeited. Upon retirement, at the Sheriff's discretion, accumulated sick leave, in excess of 320 hours, may be paid. At June 30, 2017 the Sheriff has \$162,339 of leave benefits required to be accrued and reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

In the government-wide statements, net position is classified as net assets and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Sheriff. The Sheriff is the highest level of decision-making authority for the Sheriff's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Sheriff.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Sheriff's adopted policy, only he may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

As of June 30, 2017, fund balances are composed of the following:

	General Fund	911 Communications District	Nonmajor Debt Service Fund	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 139,629	\$ 5,961	\$ -	\$ 145,590
Inventory	17,291	-	-	17,291
Restricted:				
Debt service	-	-	428	428
Assigned:				
911 services	-	972,547	-	972,547
Unassigned	7,491,547	-	-	7,491,547
Total fund balances	\$ 7,648,467	\$ 978,508	\$ 428	\$ 8,627,403

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in his commitment or assignment actions.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items. The prepaid items that existed at June 30, 2017 were prepaid insurance and prepaid software and maintenance agreements.

F. Inventory

The inventory is stated at cost, which is determined by the first-in, first-out method.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$8,806,913 of which \$869,937 is attributable to fiduciary funds, which is not presented in the statement of net position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or the Sheriff will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2017 are secured as follows:

Bank balances	<u>\$ 9,188,967</u>
At June 30, 2017 the deposits are secured as follows:	
Federal deposit insurance	\$ 1,349,926
Pledged securities	<u>7,839,041</u>
Total	<u>\$ 9,188,967</u>

Deposits in the amount of \$7,839,041 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department, but not in the Sheriff's name. The Sheriff does not have a policy for custodial credit risk.

(3) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the taxing bodies in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Martin Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2017, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.91 mills on property with assessed valuations totaling \$389,990,472.

Total law enforcement taxes levied during 2017 were \$6,984,747.

(4) Due From Other Governmental Units and Others

Amounts due from other governmental units at June 30, 2017, consist of the following:

Maintenance of prisoners	\$ 120,827
Federal sources	111,298
State and parish contracts	43,875
Video poker revenue	299,582
Court attendance, civil fees, bond fees, etc.	11,958
Salary reimbursements	65,933
Pay telephone commissions	6,660
Other sources	2,438
Totals	<u>\$ 662,571</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Governmental activities:				
Land	\$1,134,825	\$ -	\$ -	\$ 1,134,825
Construction in progress	1,078,442	3,014,485	(1,071,539)	3,021,388
Buildings and improvements	7,128,040	42,917	-	7,170,957
Equipment and vehicles	6,869,869	604,970	(357,134)	7,117,705
Equipment and vehicles-capital leases	1,070,824	158,306	-	1,229,130
Totals	<u>17,282,000</u>	<u>3,820,678</u>	<u>(1,428,673)</u>	<u>19,674,005</u>
Less accumulated depreciation				
Buildings and improvements	(2,447,992)	(210,964)	-	(2,658,956)
Equipment and vehicles	(4,460,308)	(526,867)	137,193	(4,849,982)
Equipment and vehicles-capital leases	(621,126)	(124,443)	-	(745,569)
Total accumulated depreciation	<u>(7,529,426)</u>	<u>(862,274)</u>	<u>137,193</u>	<u>(8,254,507)</u>
Governmental activities, capital assets, net	<u>\$9,752,574</u>	<u>\$ 2,958,404</u>	<u>\$(1,291,480)</u>	<u>\$11,419,498</u>

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Depreciation expense was charged to governmental activities as operations and maintenance in the amount of \$862,274.

(6) Operating Leases

A. As Lessee:

Rental expense for the year ended June 30, 2017 was \$34,487. The Sheriff had the following lease agreements in effect during the year ended June 30, 2017:

<u>Description</u>	<u>Balance Term</u>	<u>Expiration Date</u>	<u>Payment Frequency</u>	<u>Lease Amount</u>
12 Copiers	3 Years	09/2018	monthly	2,961
Mail machine	4 Years	06/2021	quarterly	1,053 - 1,277
Mail machine	4 Years	06/2017	quarterly	1,124

The lease payments for the remaining years are as follows:

<u>Year Ending June 30</u>	
2018	\$ 39,744
2019	24,207
	<u>\$ 63,951</u>

B. As Lessor:

In the year ended June 30, 2015, the Sheriff entered into a lease agreement with the Louisiana State Police which allowed the Louisiana State Police to occupy Jail II and related Substation facility for a period of five years from March 21, 2015 through March 20, 2019. The lease agreement calls for total payments to be \$630,000, which includes: an initial payment of \$3,500 in March 2015, fifty-nine monthly payments of \$10,500 per month beginning in April 2015, and a final payment of \$7,000 in March 2019. Total lease payments received by the Sheriff for the year ended June 30, 2017 totaled \$126,000. The facility has a cost of \$990,711, accumulated depreciation of \$527,363, and a carrying value of \$463,348.

(7) Pension Plan / GASB 68

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 the Sheriffs' Pension and Relief Fund (Fund) and additions to / deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of significant accounting policies:

The Sheriff's Pension and Relief Fund prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred, inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The Sheriff's Pension and Relief Fund's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

Fund Employees:

The Fund is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the Fund's employees is allocated to the remaining employees based on their respective employer allocation percentage.

Plan Fiduciary Net Position:

Plan fiduciary net position is a significant component of the Fund's collective net pension liability. The Fund's plan fiduciary net position was determined using the accrual basis of accounting. The Fund's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over determination of the fair market value of the Fund's investments. Accordingly, actual results may differ from estimated amounts.

Plan description:

The Fund was established for the purpose of providing retirement benefits for employees of sheriffs' offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association and the employees of the Fund. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Benefits provided:

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement benefits

For members who become eligible for membership on or before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

For members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 115% of the preceding twelve-month period.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Disability benefits

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor's benefits

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty- three, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Deferred benefits

The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

Back deferred retirement option plan (Back-DROP)

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average

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Notes to Basic Financial Statements (continued)

compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back- DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

Permanent benefit increases / Cost-of-living adjustments

Cost of living provisions for the Fund allows the board of trustees to provide an annual cost of living increase of 2.5% of the eligible retiree's original benefit if certain funding criteria are met. Members are eligible to receive a cost of living adjustment once they have attained the age of sixty and have been retired at least one year. Funding criteria for granting cost of living adjustments is dependent on the funded ratio.

Employer contributions:

According to state statute, contribution requirements for all employers are actuarially determined each fiscal year. For the year ending June 30, 2016, the actual employer contribution rate was 13.75% with an additional -0-% allocated from the Funding Deposit Account.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions for the year ended June 30, 2016 were \$439,067.

Employer allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Sheriffs' Pension and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2016 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2016.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Pension liabilities, Pension expense, Deferred outflows of resources, and Deferred inflows of resources related to pensions:

At June 30, 2017, the Sheriff reported a liability of \$7,173,845 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the Sheriff's proportion was 1.130292%, which was an increase of 0.055346% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$1,244,332 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$2,818.

At June 30, 2017, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experiences	-	752,457
Changes of assumptions	586,081	-
Net difference between projected and actual earnings on pension plan investments	1,796,691	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	645,786	-
Employer contributions subsequent to the measurement date	1,051,793	-
<b>Total</b>	<b>\$ 4,080,351</b>	<b>\$ 752,457</b>

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Notes to Basic Financial Statements (continued)

Deferred outflows of resources of \$1,051,793 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of the 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:

<u>Fiscal Year Ended</u>	
2018	\$ 345,176
2019	\$ 345,175
2020	\$ 868,516
2021	\$ 604,836
2022	\$ 56,199
2023	\$ 56,199

Contributions – proportionate share:

Differences between contributions remitted to the Fund and the employer's proportionate share are 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 with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

Actuarial assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Method
<u>Actuarial Assumptions:</u>	
Expected Remaining Service Lives	2016 - 7 years 2015 - 6 years 2014 - 6 years
Investment Rate of Return	7.6%, net of investment expense
Projected Salary Increases	5.5% (2.875% inflation, 2.625% merit)
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Rates
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values 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.

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.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Notes to Basic Financial Statements (continued)

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as on June 30, 2016 were as follows:

Asset Class	Expected Rate of Return		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	60%	6.4%	3.9%
Bonds	25%	1.9%	0.5%
Alternative Investments	15%	4.3%	0.6%
Cash & Cash Equivalents	-	-	-
Totals	100%		5.0%
Inflation			2.7%
Expected Arithmetic Nominal Return			7.7%

Discount rate:

The discount rate used to measure the total pension liability was 7.5%. 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 Fund'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 presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability 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 as of June 30, 2016:

	Changes in Discount Rate		
	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of the net pension liability	\$12,171,159	\$ 7,173,845	\$ 3,049,155

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Change in net pension liability:

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period except as follows:

- a. Differences between expected and actual experience: The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability 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 with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources in the amount of \$752,457 for the year ended June 30, 2016.
- b. Changes of assumptions: Changes of assumptions about future economic or demographic factors or of other inputs 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 with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$586,081 for the year ended June 30, 2016.
- c. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The differences between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$1,796,691 for the year ended June 30, 2016.
- d. Change in proportion: Changes in the employer's proportionate shares 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 the employer's 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. The change in proportion resulted in a deferred outflow of resources in the amount of \$645,786 for the year ended June 30, 2016.

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with account principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

Retirement fund audit report:

The Sheriffs' Pension and Relief Fund has issued a stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(8) Changes in Agency Fund Balances

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

	Civil Fund	Tax Collector Fund	Bonds and Fines Fund	Inmate Trust Fund	Inmate Welfare
Balances, June 30, 2016	\$ 69,650	\$ 190,180	\$ 422,242	\$ 67,311	\$ 1,871
Additions	692,030	39,087,465	2,176,231	288,721	-
Reductions	<u>(670,611)</u>	<u>(38,999,690)</u>	<u>(2,164,144)</u>	<u>(289,537)</u>	<u>(1,782)</u>
Balances, June 30, 2017	<u>\$ 91,069</u>	<u>\$ 277,955</u>	<u>\$ 434,329</u>	<u>\$ 66,495</u>	<u>\$ 89</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the St. Martin Parish Sheriff for the year ended June 30, 2017. The bonds relate to governmental activities and are paid by the debt service fund. The capital leases also relate to governmental activities, and the payments are made from the general fund. In the past, payments on long-term debt that pertained to the Sheriff's governmental activities were made by either the debt service fund or by the general fund.

	Equipment Capital Lease	Vehicle Capital Leases	Series 2010 Bonds	Total
Long-term debt at June 30, 2016	\$ -	\$ 252,662	\$ 485,000	\$ 737,662
Debt assumed	330,481	158,306	-	488,787
Debt retired	<u>(112,008)</u>	<u>(164,779)</u>	<u>(240,000)</u>	<u>(516,787)</u>
Long-term debt at June 30, 2017	<u>\$ 218,473</u>	<u>\$ 246,189</u>	<u>\$ 245,000</u>	<u>\$ 709,662</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Long-term debt at June 30, 2017 is comprised of the following:

Vehicle Capital Leases:

\$152,383 capital lease on (5) 2016 Chevrolet Tahoes, due in quarterly installments of \$19,827; from December 15, 2015 to September 15, 2017; interest rate of 3.597 percent.	\$ 19,651
\$177,595 capital lease on (5) 2016 Chevrolet Tahoes, due in quarterly installments of \$23,192; from June 22, 2016 to March 22, 2018; interest rate of 3.930 percent.	68,232
\$158,306 capital lease on (5) 2017 Chevrolet Tahoes, due in monthly installments of \$6,945; from June 9, 2017 to June 9, 2019; interest rate of 5.000 percent.	<u>158,306</u>
	<u>\$ 246,189</u>

Equipment Capital Leases:

\$330,481 capital lease on integrated hardware an software systems due in annual installments of \$112,556; from April 4, 2017 to May 4, 2019; interest rate of 4.327 percent.	<u>\$ 218,473</u>
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Certificates of Indebtedness, Series 2010

\$1,595,000 Limited Tax Revenue Bonds, Series 2010, due in annual installments of \$210,000 to \$245,000; from March 1, 2012 to March 1, 2018; interest rate of 2.13 percent; payable and secured by general revenues.	<u>\$ 245,000</u>
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Total debt	\$ 709,662
Less: current portion	<u>(518,205)</u>
Long-term debt	<u>\$ 191,457</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The annual requirements to amortize all debt outstanding at June 30, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 518,205	\$ 12,098	\$ 530,303
2019	<u>191,457</u>	<u>11,548</u>	<u>203,005</u>
Totals	<u>\$ 709,662</u>	<u>\$ 23,646</u>	<u>\$ 733,308</u>

(10) Litigation and Claims

At June 30, 2017, the Sheriff is involved in several lawsuits claiming damages. Management is of the opinion that insurance coverage should be adequate to cover most monetary damages. A liability has been accrued at June 30, 2017 in the amount of \$65,312, which represents additional anticipated out-of-pocket costs.

(11) Expenditures of the Sheriff's Office Paid by the Parish Council

The cost of maintaining and operating the Sheriff's office building, as required by statute, is paid by the St. Martin Parish Government. These expenditures are not included in the accompanying financial statements.

(12) Risk Management

The Sheriff is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks, with the exception of workers' compensation, are handled by purchasing commercial insurance. The Sheriff is liable for claims up to \$25,000 per incident. The Sheriff's office is considered to be self-insured for workers' compensation. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the preceding two years. There was one settlement during the year ended June 30, 2017.

(13) Health Care Liability

The Sheriff established a limited risk management program for group hospitalization insurance, effective July 1, 2011. The Sheriff hired UMR as administrator for this program. This plan provides employee health benefits up to a maximum of \$1,200,000 per employee in a lifetime.

The General Fund of the Sheriff recognizes the assets, liabilities, revenues and expenditures of the group hospitalization insurance plan. The claims liability of \$177,780 reported in the general fund at June 30, 2017, is based on the loss that is probable to have existed at the date of the financial

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

statements and the amount of the loss that can be reasonably reduced by estimated insurance reimbursements. The Sheriff currently does not discount its claims liabilities.

A reconciliation of changes in liabilities is as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Balance at Fiscal Year-End</u>
Group hospitalization				
2014-2015	\$ 202,212	2,108,888	(2,183,368)	\$ 127,732
2015-2016	\$ 127,732	2,669,354	(2,577,073)	\$ 220,013
2016-2017	\$ 220,013	2,358,894	(2,401,127)	\$ 177,780

(14) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2017:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 102,277	\$ -
911 Communications District	-	102,277
Total	<u>\$ 102,277</u>	<u>\$ 102,277</u>

Several months of operating expenses had not yet been reimbursed at year-end, causing the balances noted above. These reimbursements are expected to be made within the next fiscal year.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 253,105
Nonmajor Fund	253,105	-
Total	<u>\$ 253,105</u>	<u>\$ 253,105</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Transfers are made from the general fund to the non-major fund for payments due on the outstanding bond issuance.

(15) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description:

In accordance with the Employer Health and Welfare Benefit Plan established in November 1986, the Sheriff provides certain continuing health care and life insurance benefits for its retired employees through a self-insured health plan. The plan is a single employer defined benefit plan that does not issue a publicly available financial report.

The Sheriff pays 100% of the medical coverage for the retiree only (not dependents) for employees hired before July 1, 2009. For employees hired on and after July 1, 2009, the employer pays 50% of the retiree's medical coverage (not dependents) for 20 or more years of service. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P entry) provisions are as follows. For employees whose membership in the retirement system began prior to January 1, 2012, retirement eligibility is 30 years of service at any age or, age 55 and 12 years of service. For employees whose membership in the retirement system began on or after January 1, 2012, retirement eligibility is 30 years of service and age 55 or, age 60 and 20 years of service, or age 62 and 12 years of service.

Life insurance coverage is continued to retirees and the Sheriff pays 100% of the cost of the first \$10,000 of life insurance and the retiree pays the blended premium for the remainder. For employees hired on and after July 1, 2009, the employer pays 50% of the premium for the first \$10,000 of life insurance and the retiree pays the blended premium for the remainder. There is an age-related reduction formula after retirement (reducing to 75% of pre-retirement coverage at age 65 and to 50% at age 70). The employer cost is based on the blended active / retired rate and there is thus an additional implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Contribution Rates:

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving these benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy:

Until 2009, the Sheriff recognized the cost of providing post-employment medical and life insurance benefits as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Sheriff's portion of health care and life insurance funding cost for retired employees totals \$226,080 and \$168,581, respectively.

Annual OPEB Cost:

The Sheriff's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Sheriff utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

The following table shows the components of the Sheriff's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Sheriff's net OPEB obligation:

Annual required contributions	\$ 592,915
Interest on net OPEB obligation	91,219
Adjustment to annual required contribution	<u>(131,880)</u>
Annual OPEB cost (expense)	552,254
Contributions made	<u>(226,080)</u>
Increase in net OPEB obligation	326,174
Net OPEB obligation - beginning of year	<u>2,280,471</u>
Net OPEB obligation - end of year	<u>\$ 2,606,645</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 407,948	38.3%	\$ 2,028,010
6/30/2016	\$ 421,042	40.0%	\$ 2,280,471
6/30/2017	\$ 552,254	40.9%	\$ 2,606,645

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Sheriff has elected to implement prospectively.

Funded Status and Funding Progress:

In 2017 and 2016, the Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the actuarial accrued liability (AAL) at the end of the year June 30, 2017 was \$7,221,315, which is defined as that portion, as determined by a particular actuarial cost method (projected unit credit cost method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. The funded status of the plan as of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 7,221,315
Actuarial valuation of plan assets	<u>                  -</u>
Unfunded actuarial accrued liability (UAAL)	\$ 7,221,315
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 7,608,427
UAAL as a percentage of covered payroll	94.9%

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing costs

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

between the Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation on the pattern of cost sharing between the Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

The actuarial valuation was done as of July 1, 2016. The unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. The inflation rate is 2.50% annually.
3. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Method of Determining Value of Benefits:

The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only. The medical rates provided are “blended” rates for active and retired before Medicare eligibility. We have therefore estimated the “unblended” rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The unblended rates after Medicare were used as is.

(16) New Accounting Pronouncements

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 relating to accounting and financial reporting by employers for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Sheriff during the year ending June 30, 2018. The effect of implementation on the Sheriff’s financial statements has not yet been determined.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(17) Ex-officio Tax Collector

The amount of cash on hand at year-end was \$277,955. The amount of ad valorem taxes collected by taxing authority was:

St. Martin Parish Government	\$ 10,680,906
St. Martin Parish School Board	12,727,443
St. Martin Parish Assessor	1,310,357
St. Martin Parish Water & Sewer Districts	512,124
St. Martin Parish Law Enforcement	6,802,390
St. Martin Parish Library	2,905,550
Teche-Vermillion Freshwater District	535,536
Atchafalaya Basin Levee District	457,916
Municipalities	495,424
Department of Agriculture and Forestry	20,623
Louisiana Tax Commission	14,851
	\$ 36,463,120

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

	<u>LTC</u> <u>Decreases</u>	<u>FDIC</u> <u>Property</u>	<u>Bank-</u> <u>ruptcy</u>	<u>Adjudi-</u> <u>cations</u>	<u>Unpaid</u>
St. Martin Parish Government	\$ 110,008	\$ 26	\$ 3,267	\$ 6,241	\$ 189,453
St. Martin Parish School Board	142,771	34	4,727	5,850	207,704
St. Martin Parish Assessor	14,699	4	487	625	19,324
St. Martin Parish Water & Sewer Districts	2,312	-	-	466	5,448
St. Martin Parish Law Enforcement	76,306	19	2,526	3,246	100,318
St. Martin Parish Library	32,593	8	1,079	-	-
Teche-Vermillion Freshwater District	6,007	1	199	256	7,898
Atchafalaya Basin Levee District	2,723	4	5	277	6,471
Municipalities	7,030	1	35	441	486
Department of Agriculture and Forestry	-	-	-	1	-
Louisiana Tax Commission	-	-	-	-	-
	\$ 394,449	\$ 97	\$ 12,325	\$ 17,403	\$ 537,102

The amount of occupational licenses collected by taxing authority was:

St. Martin Parish Government	\$ 601,576
St. Martin Parish Law Enforcement	106,161
	\$ 707,737

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(18) Act 706 – Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the St. Martin Parish Sheriff's Office is required to disclose the compensation, reimbursements, benefits, and other payments made to the Sheriff, in which the payments are related to the position. The following is a schedule of payments made to the Sheriff for the year ended June 30, 2017.

Entity head: Ronald J. Theriot, Sheriff

Salary and allowance	\$ 159,973
Benefits - insurance	6,834
Benefits - retirement	<u>21,196</u>
Total	<u>\$ 188,003</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 10,362,000	\$10,012,000	\$ 10,311,301	\$ 299,301
Intergovernmental	2,174,018	2,175,574	2,362,264	186,690
Fees, charges, and commissions for services	1,718,194	1,998,660	2,004,239	5,579
Interest Income	7,500	24,469	30,196	5,727
Miscellaneous	619,800	663,470	699,499	36,029
Total revenues	14,881,512	14,874,173	15,407,499	533,326
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Personal services and related benefits	9,001,041	9,108,650	8,864,162	244,488
Operating services	2,753,938	2,538,083	2,422,336	115,747
Operations and maintenance	2,792,202	2,624,006	2,673,116	(49,110)
Debt service	172,075	192,911	287,363	(94,452)
Capital outlay	98,258	2,533,512	2,561,154	(27,642)
Total expenditures	14,817,514	16,997,162	16,808,131	189,031
Excess (deficiency) of revenues over expenditures	63,998	(2,122,989)	(1,400,632)	722,357
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	-	-	488,787	488,787
Transfers out	(253,105)	(253,105)	(253,105)	-
Total other financing sources (uses)	(253,105)	(253,105)	235,682	488,787
Deficiency of revenues over expenditures and other financing sources (uses)	(189,107)	(2,376,094)	(1,164,950)	1,211,144
Fund balance, beginning	7,946,609	8,813,417	8,813,417	-
Fund balance, ending	\$ 7,757,502	\$ 6,437,323	\$ 7,648,467	\$ 1,211,144

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
Special Revenue Fund - 911 Communications District

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenue</b>				
Fees, charges, and commissions for services				
911 fees	\$ 978,900	\$ 982,650	\$ 1,020,144	\$ 37,494
Interest income	<u>1,667</u>	<u>3,208</u>	<u>3,048</u>	<u>(160)</u>
Total revenues	<u>980,567</u>	<u>985,858</u>	<u>1,023,192</u>	<u>37,334</u>
<b>Expenditures</b>				
Current:				
Public Safety				
Personal services and related benefits:				
Salaries	527,530	555,230	572,381	(17,151)
Pension and payroll taxes	<u>80,475</u>	<u>81,700</u>	<u>83,774</u>	<u>(2,074)</u>
Total personnel service and related benefits	<u>608,005</u>	<u>636,930</u>	<u>656,155</u>	<u>(19,225)</u>
Operating services:				
Hospitalization insurance	133,000	151,000	151,074	(74)
Other liability insurance	<u>3,050</u>	<u>5,500</u>	<u>5,233</u>	<u>267</u>
Total operating services	<u>136,050</u>	<u>156,500</u>	<u>156,307</u>	<u>193</u>
Operations and maintenance:				
Leases and rents	-	-	2,178	(2,178)
Office supplies and expense	1,500	1,175	230	945
E-911 implement	83,500	84,500	79,835	4,665
Other	<u>64,625</u>	<u>62,325</u>	<u>54,773</u>	<u>7,552</u>
Total operations and maintenance	<u>149,625</u>	<u>148,000</u>	<u>137,016</u>	<u>10,984</u>
Capital outlay				
Equipment and vehicles	<u>7,500</u>	<u>7,500</u>	<u>7,712</u>	<u>(212)</u>
Total capital outlay	<u>7,500</u>	<u>7,500</u>	<u>7,712</u>	<u>(212)</u>
Total expenditures	<u>901,180</u>	<u>948,930</u>	<u>957,190</u>	<u>(8,260)</u>
Excess of revenues over expenditures	79,387	36,928	66,002	29,074
Fund balance, beginning	<u>906,475</u>	<u>912,506</u>	<u>912,506</u>	<u>-</u>
Fund balance, ending	<u>\$ 985,862</u>	<u>\$ 949,434</u>	<u>\$ 978,508</u>	<u>\$ 29,074</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Funding Progress  
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	-	\$5,170,994	\$5,170,994	0.0%	\$6,657,608	77.7%
July 1, 2014	-	\$5,313,330	\$5,313,330	0.0%	\$7,060,434	75.3%
July 1, 2016	-	\$7,221,315	\$7,221,315	0.0%	\$7,608,427	94.9%

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2017

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	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 Pension Liability
2015	1.008367%	\$ 3,993,139	\$ 6,535,128	61.10%	87.34%
2016	1.074946%	\$ 4,791,590	\$ 7,127,064	67.23%	86.61%
2017	1.130292%	\$ 7,173,845	\$ 7,712,873	93.01%	82.10%

\* 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.*

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Employer Contributions  
For the Year Ended June 30, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 1,015,606	\$ 1,015,606	\$ -	\$ 7,127,064	14.25%
2016	\$ 1,061,242	\$ 1,061,242	\$ -	\$ 7,712,873	13.75%
2017	\$ 1,051,793	\$ 1,051,793	\$ -	\$ 7,938,059	13.25%

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2017

(1) Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief financial officer prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs 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 with pensions through the pension plan.

**OTHER SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Taxes:</b>				
Ad valorem	\$ 6,862,000	\$ 6,912,000	\$ 6,822,937	\$ (89,063)
Sales tax	<u>3,500,000</u>	<u>3,100,000</u>	<u>3,488,364</u>	<u>388,364</u>
Total taxes	<u>10,362,000</u>	<u>10,012,000</u>	<u>10,311,301</u>	<u>299,301</u>
<b>Intergovernmental:</b>				
Federal grants	93,558	61,935	216,445	154,510
State of Louisiana -				
State grants	20,779	24,696	24,696	-
Revenue sharing	104,681	108,943	110,440	1,497
Video poker	1,300,000	1,325,000	1,364,384	39,384
Supplemental pay	<u>655,000</u>	<u>655,000</u>	<u>646,299</u>	<u>(8,701)</u>
Total intergovernmental	<u>2,174,018</u>	<u>2,175,574</u>	<u>2,362,264</u>	<u>186,690</u>
<b>Fees, charges, and commissions for services</b>				
Taxes and licenses	175,000	180,178	193,359	13,181
Civil and criminal fees	440,000	495,505	522,597	27,092
Court attendance	24,000	42,000	43,238	1,238
Feeding and keeping prisoners	855,000	1,060,000	1,022,918	(37,082)
State and parish contracts	94,194	70,977	70,977	-
Commissary sales	50,000	50,000	49,822	(178)
Telephone commissions	<u>80,000</u>	<u>100,000</u>	<u>101,328</u>	<u>1,328</u>
Total fees, charges, and commissions for services	<u>1,718,194</u>	<u>1,998,660</u>	<u>2,004,239</u>	<u>5,579</u>
Interest income	<u>7,500</u>	<u>24,469</u>	<u>30,196</u>	<u>5,727</u>
Miscellaneous	<u>619,800</u>	<u>663,470</u>	<u>699,499</u>	<u>36,029</u>
Total revenues	<u>\$ 14,881,512</u>	<u>\$ 14,874,173</u>	<u>\$ 15,407,499</u>	<u>\$ 533,326</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Current:				
Public Safety				
Personal services and related benefits:				
Sheriff's salary	\$ 142,111	\$ 145,347	\$ 145,430	\$ (83)
Deputies' salaries	7,462,204	7,421,824	7,067,205	354,619
Other salaries	192,468	185,765	341,246	(155,481)
Pension and payroll taxes	1,109,282	1,244,101	1,191,880	52,221
Sheriff's expense allowance	14,008	14,193	14,543	(350)
Other related benefits	80,968	97,420	103,858	(6,438)
Total personnel service and related benefits	9,001,041	9,108,650	8,864,162	244,488
Operating services:				
Hospitalization insurance	2,246,400	2,063,540	1,954,172	109,368
Auto insurance	275,818	224,967	224,967	-
Other liability insurance	231,720	249,576	243,197	6,379
Total operating services	2,753,938	2,538,083	2,422,336	115,747
Operations and maintenance				
Auto fuel and oil	474,372	317,798	313,045	4,753
Auto maintenance	147,451	156,945	153,208	3,737
Deputy uniforms, supplies, etc.	202,553	173,367	155,391	17,976
Training	50,673	44,600	30,479	14,121
Office supplies and expenses	231,749	212,432	197,822	14,610
Small equipment	38,674	43,848	164,396	(120,548)
Telephone and utilities	340,280	321,610	300,058	21,552
Radio	2,700	2,919	1,146	1,773
Prisoner feeding and maintenance	307,293	282,742	276,266	6,476
Legal and professional fees	132,585	178,235	163,103	15,132
Criminal investigation expense	-	24,978	26,425	(1,447)
Leases and rents	35,747	29,585	32,309	(2,724)
Commissary expense	180	180	79	101
Other	827,945	834,767	859,389	(24,622)
Total operations and maintenance	2,792,202	2,624,006	2,673,116	(49,110)

(continued)

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service:				
Principal payments	163,471	183,265	276,787	(93,522)
Interest	<u>8,604</u>	<u>9,646</u>	<u>10,576</u>	<u>(930)</u>
Total debt service	<u>172,075</u>	<u>192,911</u>	<u>287,363</u>	<u>(94,452)</u>
Capital outlay:				
Autos	-	228,426	228,426	-
Buildings	-	1,779,248	1,779,248	-
Other equipment	<u>98,258</u>	<u>525,838</u>	<u>553,480</u>	<u>(27,642)</u>
Total capital outlay	<u>98,258</u>	<u>2,533,512</u>	<u>2,561,154</u>	<u>(27,642)</u>
 Total expenditures	 <u>\$ 14,817,514</u>	 <u>\$ 16,997,162</u>	 <u>\$ 16,808,131</u>	 <u>\$ 189,031</u>

STATE OF LOUISIANA, PARISH OF ST. MARTIN

AFFIDAVIT

The Honorable Ronald J. Theriot, Sheriff of St. Martin Parish

BEFORE ME, the undersigned authority, personally came and appeared, Ronald J. Theriot, the sheriff of St. Martin Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$277,955 is the amount of cash on hand in the tax collector account on June 30, 2017;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2016, 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.

*Ronald J. Theriot*  
\_\_\_\_\_  
Signature  
Sheriff of St. Martin Parish

SWORN to and subscribed before me, Notary, this 29<sup>th</sup> day of Nov. 2017  
in my office in the St. Martinville, Louisiana.  
(City/Town)

*Darren Dore'* (Signature)

DARRYN DORE' (Print), # 21224

Notary Public  
at death (Commission)

**INTERNAL CONTROL  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## OFFICES

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
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Alan M. Taylor, CPA  
Albert R. Leger, CPA, PFS, CSA\*  
Marshall W. Guidry, CPA  
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®\*\*  
James R. Roy, CPA  
Robert J. Metz, CPA  
Kelly M. Doucet, CPA  
Mandy B. Self, CPA  
Paul L. Delcambre, Jr., CPA  
Jane R. Hebert, CPA  
Deidre L. Stock, CPA  
Karen V. Fontenot, CPA  
Tabby A. LeMay, CPA  
Seth C. Norris, CPA  
Shayne M. Breaux, CPA

\* A Professional Accounting Corporation

P.O. Box 250  
Breau Bridge, LA 70517

Phone (337) 332-4020  
Fax (337) 332-2867

## 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*

183 South Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

450 East Main Street  
New Iberia, LA 70560  
Phone (337) 367-9204  
Fax (337) 367-9208

113 East Bridge St.  
Breau Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

200 South Main Street  
Abbeville, LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

1234 David Dr. Ste 203  
Morgan City, LA 70380  
Phone (985) 384-2020  
Fax (985) 384-3020

1013 Main Street  
Franklin, LA 70538  
Phone (337) 828-0272  
Fax (337) 828-0290

434 East Main Street  
Ville Platte, LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

133 East Waddil St.  
Marksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

332 West Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

1428 Metro Drive  
Alexandria, LA 71301  
Phone (318) 442-4421  
Fax (318) 442-9833

WEB SITE  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

Retired:  
Conrad O. Chapman, CPA\* 2005

The Honorable Ronald J. Theriot  
St. Martin Parish Sheriff  
St. Martinville, 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 information of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the St. Martin Parish Sheriff's basic financial statements and have issued our report thereon dated December 1, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Martin 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 St. Martin Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Martin 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2017-001, to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the St. Martin 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*.

### **St. Martin Parish Sheriff's Response to Findings**

The St. Martin Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The St. Martin Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 1, 2017

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan  
For the Year Ended June 30, 2017

I. Prior Year Findings:

Internal Control Over Financial Reporting

2016-001      Inadequate Controls over Financial Statement Preparation

Finding: The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2017-001.

Compliance

There were no findings that are required to be reported at June 30, 2016.

Management Letter Items

There were no findings that were required to be reported at June 30, 2016.

(continued)

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2017

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

2017-001      Inadequate Controls Over Financial Statement Preparation  
Year initially occurred - unknown

Condition and criteria:

The Sheriff does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a significant deficiency in the internal control of the Sheriff.

Cause:

The condition resulted because Sheriff personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Sheriff should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's corrective action plan:

Mr. Ronald Theriot, Sheriff, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2017.

Management Letter Items

There are no findings that are required to be reported at June 30, 2017.

**ST. MARTIN PARISH SHERIFF**  
**St. Martinville, Louisiana**

**Statewide Agreed-Upon Procedures Report**

**Year Ended June 30, 2017**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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C. Burton Kolder, CPA\*  
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183 South Beadle Rd.  
Lafayette, LA 70508  
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450 East Main Street  
New Iberia, LA 70560  
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Fax (337) 367-9208

113 East Bridge St.  
Breaux Bridge, LA 70517  
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Fax (337) 332-2867

200 South Main Street  
Abbeville, LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

1234 David Dr. Ste 203  
Morgan City, LA 70380  
Phone (985) 384-2020  
Fax (985) 384-3020

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332 West Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

1428 Metro Drive  
Alexandria, LA 71301  
Phone (318) 442-4421  
Fax (318) 442-9833

WEB SITE  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

\* A Professional Accounting Corporation

Retired:

Conrad O. Chapman, CPA\* 2006

To the Management of the St. Martin Parish Sheriff's Office,

We have performed the procedures enumerated below, which were agreed to by the management of St. Martin Parish Sheriff and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the St. Martin Parish Sheriff's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the St. Martin Parish Sheriff's Office is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

### *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

*Written policies and procedures were obtained and address the functions noted above.*

- 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 the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
*Written policies and procedures were obtained and address the functions noted above.*
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process  
*Written policies and procedures were obtained and address the functions noted above.*
- 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  
*Written policies and procedures were obtained and address the functions noted above.*
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
*Written policies and procedures were obtained and address the functions noted above.*
- 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.  
*Written policies and procedures were obtained and address the functions noted above.*
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*Written policies and procedures were obtained. Policies address the functions noted above; except for the EMMA reporting requirements.*

**Board (or Finance Committee, if applicable)**

---

- 2. Obtain and review the board/committee minutes for the fiscal period, and
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.  
*The Sheriff's office is not required to maintain minutes; therefore, this step is not applicable.*
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.  
*The Sheriff's office is not required to maintain minutes; therefore, this step is not applicable.*
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.  
*The Sheriff's office is not required to maintain minutes; therefore, this step is not applicable.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Of the 6 bank accounts tested, 4 of the accounts did not have evidence of management review.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*There was one account that, for 2 months, had outstanding items for more than 6 months. There was no evidence that these outstanding items had been researched.*

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*In one location, a cash drawer was shared with another employee. There were no other exceptions noted.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*No exceptions noted.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Out of the 1871 collections tested, 220 were considered late. (166 were two days late, 53 were three days late and 1 was four days late)*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions noted.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*No exceptions noted.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*No exceptions noted.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*No exceptions noted.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*No exceptions noted.*

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Person responsible for cash disbursements is not prohibited from adding vendors to the entity's purchasing/disbursement system. The Sheriff's office informed us that they amended their policy as of 9/7/17 to now prohibit person responsible for cash disbursements from adding vendors to the purchasing/disbursement system.*

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*No exceptions noted.*

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*No exceptions noted.*

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Neither a signature stamp nor a stamp machine is used; therefore, this step is not applicable.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.)]

*Monthly statements were obtained and address the functions noted above. The monthly statements do not have evidence of approval on 2 out of 10 credit card statements.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Neither finance charges nor late fees were assessed.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*There were 6 instances where an original itemized receipt was not available; however, copies were attached. There was 1 instance where the invoice did not have the dollar amount of the transaction.*

Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*There was one instance where a purchase order was not available.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions noted*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted*

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions noted.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted*

## ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions noted*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*No contracts were subject to the Louisiana Public Bid Law or Procurement Code.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*None of the 5 contracts tested showed written documentation to support that the entity solicited quotes as a best practice.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*There were no contract amendments.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No exceptions noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*The Sheriff's office does not maintain minutes nor does it have a board; therefore, this step is not applicable.*

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*There were no pay rate changes for the employees tested.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

*No exceptions noted.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions noted.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions noted.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and

employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions noted.*

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*No exceptions noted.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*State Bond Commission approval was not required because the lease agreements had non-appropriation clauses in them.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*The entity did not have a tax millage related to debt service.*

### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Martin Parish Sheriff and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 1, 2017