

CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements
Year Ended June 30, 2018



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CADDO PARISH SHERIFF
Shreveport, Louisiana

Financial Statements
Year Ended June 30, 2018

Table of Contents

Page(s)	
	Required Supplementary Information
1-8	Management's Discussion and Analysis (Unaudited)
	Basic Financial Statements
	Government – Wide Financial Statements (GWFS)
9	Statement of Net Position
10	Statement of Activities
	Fund Financial Statements
11	Balance Sheet – Governmental Funds
12	Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
13	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
14	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities
15	Statement of Fiduciary Net Position - Agency Funds
16-35	Notes to Financial Statements
	Required Supplementary Information
36	General Fund Budgetary Comparison Schedule
37	Schedule of the Sheriff's Proportionate Share of the Net Pension Liability
38	Schedule of Contributions to the Sheriffs' Pension and Relief Fund and Notes to the Required Supplementary Information
39	Schedule of Changes in Sheriff's Proportionate Share of Net OPEB Liability and Related Ratios
	Supplementary Information
40	Fiduciary Funds – Agency Funds Combining Statement of Fiduciary Net Position
41	Fiduciary Funds – Agency Funds Combining Statement of Changes in Assets and Liabilities
42	Tax Collector Agency Fund – Statement of Collections, Distributions and Unsettled Balances
43	Schedule of Compensation, Benefits, and Other Payments to Agency Head
44	Affidavit
	Independent Auditors' Reports
45-47	Independent Auditors' Report
48-49	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>
50	Schedule of Findings and Questioned Costs

Required Supplementary Information

Management's Discussion and Analysis (Unaudited)

**CADDO PARISH SHERIFF
Shreveport, Louisiana**

**Management’s Discussion and Analysis (Unaudited)
June 30, 2018**

Within this section of the Caddo Parish Sheriff’s (“Sheriff”) Office annual financial report, the Sheriff’s management is to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2018. The Sheriff’s financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Sheriff’s liabilities exceeded its assets resulting in net position (deficit) of \$(40,085,449) for the fiscal year ended June 30, 2018.

The net position (deficit) is composed of the following:

- Capital assets, net of related debt, of \$3,355,278 representing property and equipment net of accumulated depreciation of \$7,666,378, which is reduced by outstanding debt of \$-0- related to the purchase of capital assets.
- Unrestricted net deficit of \$(43,440,727) represents the portion needed to maintain the Sheriff’s continuing obligation to the citizens of Caddo Parish.

The Sheriff’s governmental funds reported total ending fund balance of \$15,861,320 this year. This compares to the prior year ending fund balance of \$16,454,964 resulting in a decrease of \$593,644 during the current year.

At the end the current fiscal year, unassigned fund balance for the General Fund was \$15,800,060, which represents 43% of the total expenditures of the Sheriff’s General Fund and 44% of total revenues in the General Fund including other financing sources. Overall, the Sheriff continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the “financial analysis” section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis introduces the Sheriff’s basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Sheriff also includes in this report, additional information to supplement the basic financial statements.

Exhibit 1 below summarizes the major features of the Sheriff’s financial statements, including the portion of the Sheriff’s government they cover and the types of information they contain. The remainder of this overview section of this Management’s Discussion and Analysis explains the structure of the contents of each of the statements.

Exhibit 1			
Major Features of Sheriff’s Government and Fund Financial Statements			
	Government-Wide Statements	Fund Statements - Governmental Funds	Fiduciary Funds
Scope	The entire Sheriff’s governmental unit (excluding fiduciary funds).	The activities of the Sheriff that are not proprietary or fiduciary, such as public safety.	Instances in which the Sheriff is the trustee or agent for someone else’s resources.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position

Exhibit 1 (Cont'd)			
Major Features of Sheriff's Government and Fund Financial Statements			
	Government-Wide Statements	Fund Statements - Governmental Funds	Fiduciary Funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resource focus.
Type of asset/liability	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included.	All assets and liabilities, both short-term and long-term; the Sheriff's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Position. The government-wide statement of net position presents information that includes all of the Sheriff's assets and liabilities, with the difference reported as net position. Increase or decrease in net position may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when funds are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 9 and 10.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff uses two kinds of funds, governmental funds and fiduciary funds:

In fund financial statements, governmental funds encompass the same functions reported as governmental activities in government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. The fund statements report short-term fiscal accountability focusing on the use of expendable resources and balances of expendable resources available at the end of the year. The fund statements are utilized in evaluating annual financial requirements of governmental programs and the commitment of expendable resources of the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Fiduciary funds consist of agency funds which are reported in the fund financial statements and report taxes collected for the other taxing bodies and deposits held pending court actions.

The basic governmental fund and fiduciary fund financial statements are presented on pages 11 to 15 of this report.

NOTES TO BASIC FINANCIAL STATEMENTS

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to financial statements begin on page 16 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentation including a budgetary comparison schedule for the Sheriff's general fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Additional "required supplementary information" for the Sheriff includes schedules on the Sheriff's proportionate share of net pension liability and contributions, and the changes in Sheriff's proportionate share of net OPEB liability and related ratios. Required supplementary information can be found on pages 36 through 39 in this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's government-wide net position (deficit) at June 30, 2018, is (\$40,085,449). The following table provides a summary of the Sheriff's government-wide assets, liabilities and net position:

	2018		2017 (restated)	
Cash, cash equivalents, receivables and other assets	\$ 16,861,727	68.58%	\$ 17,501,854	58.21%
Capital assets, net of accumulated depreciation	3,355,278	13.65%	4,381,553	14.58%
Deferred outflows of resources	4,370,208	17.77%	8,181,185	27.21%
Total assets and deferred outflows of resources	<u>24,587,213</u>	<u>100.00%</u>	<u>30,064,592</u>	<u>100.00%</u>
Current liabilities	1,000,407	1.55%	1,046,890	1.52%
Long-term liabilities	60,734,620	93.91%	65,587,294	95.25%
Deferred inflows of resources	2,937,635	4.54%	2,227,389	3.23%
Total liabilities and deferred inflows of resources	<u>64,672,662</u>	<u>100.00%</u>	<u>68,861,573</u>	<u>100.00%</u>
Net position (deficit)				
Investment in capital assets	3,355,278	(8.37%)	4,381,553	(11.29%)
Unrestricted	<u>(43,440,727)</u>	<u>108.37%</u>	<u>(43,178,534)</u>	<u>111.29%</u>
Net position (deficit)	\$ <u>(40,085,449)</u>	<u>100.00%</u>	\$ <u>(38,796,981)</u>	<u>100.00%</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 16.85:1.

The Sheriff's ending balance in net position (deficit) of the government-wide activities is (\$40,085,449). During 2018, net position decreased a total of \$1,288,468 for government-wide activities from 2017 net deficit of (\$38,796,981) which was the restated balance due to the implementation of GASB 75 to record the Net OPEB liability. This prior period adjustment reduced the net position by \$31,113,155 for the end of the prior fiscal year. The decrease was caused mostly from an increase in long-term liabilities related to pension and other post-employment benefits.

The following table provides a summary of the Sheriff's changes in net position at June 30:

	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues		
Fees, fines and charges for services	\$ 6,529,594	\$ 6,587,531
Operating grants and contributions	626,793	623,015
General revenues		
Taxes		
Ad valorem taxes	22,643,478	22,297,470
Sales and use taxes	2,613,765	2,462,789
State revenue sharing	377,900	388,167
Supplemental pay	1,168,627	1,234,678
Proceeds from sale of general fixed assets	40,505	128,308
Interest and investment earnings	171,640	83,052
Miscellaneous	2,711,414	2,670,856
Total revenues	<u>36,883,716</u>	<u>36,475,866</u>
Program expenses		
Public safety	<u>38,172,184</u>	<u>40,668,137</u>
Total expenses	<u>38,172,184</u>	<u>40,668,137</u>
Change in net position (deficit)	(1,288,468)	(4,192,271)
Beginning net position (deficit)	(38,796,981)	(3,491,555)
Prior period adjustment		<u>(31,113,155)</u>
Beginning net position, restated		<u>(34,604,710)</u>
Ending net position (deficit)	\$ <u>(40,085,449)</u>	\$ <u>(38,796,981)</u>

FUND LEVEL STATEMENTS

GOVERNMENTAL REVENUES

The Sheriff is heavily reliant on ad valorem taxes to support its operations. Ad valorem taxes, which total \$22,643,478 in fiscal year 2018 compared to \$22,297,470 in fiscal year 2017, provided 61% of the Sheriff's total revenues. The Sheriff has earned \$171,640 in interest on funds available, which in turn, have been used to support the Sheriff's government activities. Program revenues, including fines and fees, cover 18.75% in fiscal year 2018 and 17.73% in fiscal year 2017, respectively, of the governmental operating expenses.

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

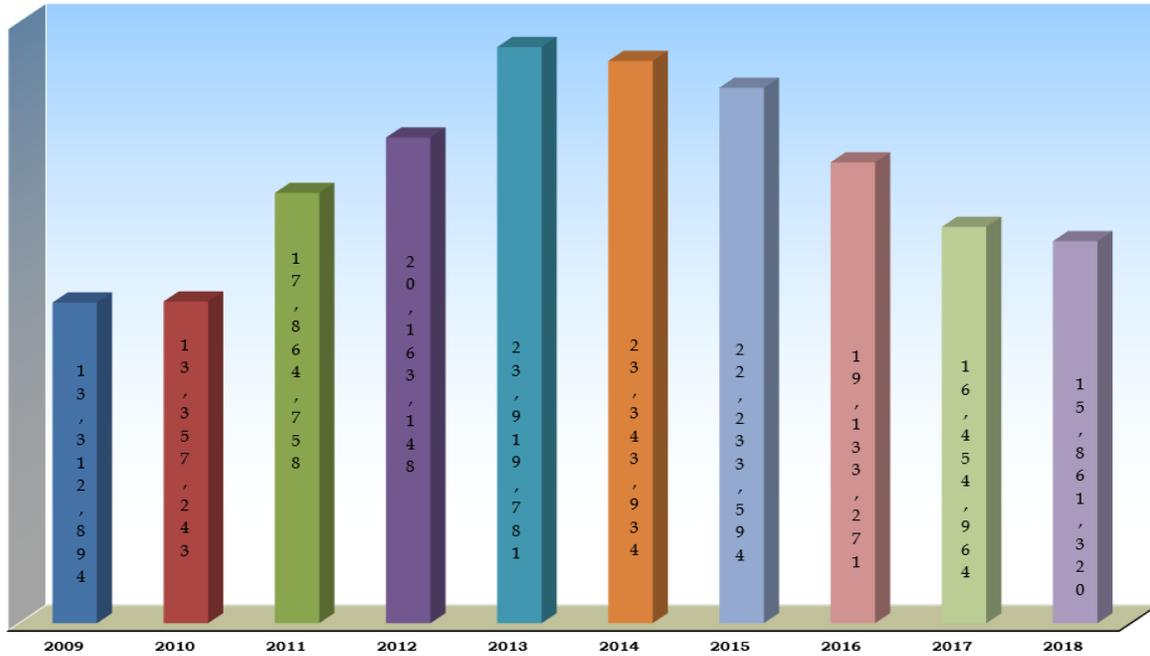
As discussed, government funds are reported in the fund statements with a short-term inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Government funds reported an ending fund balance of \$15,861,320.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Sheriff's primary operating fund and source of day-to-day administrative and operations service. The General Fund's total fund balance as of June 30, 2018, was \$15,861,320, a decrease of \$(593,644) from the prior year's fund balance. In fiscal year 2017, the fund balance of \$16,454,964 decreased from the prior year by \$(2,678,307).

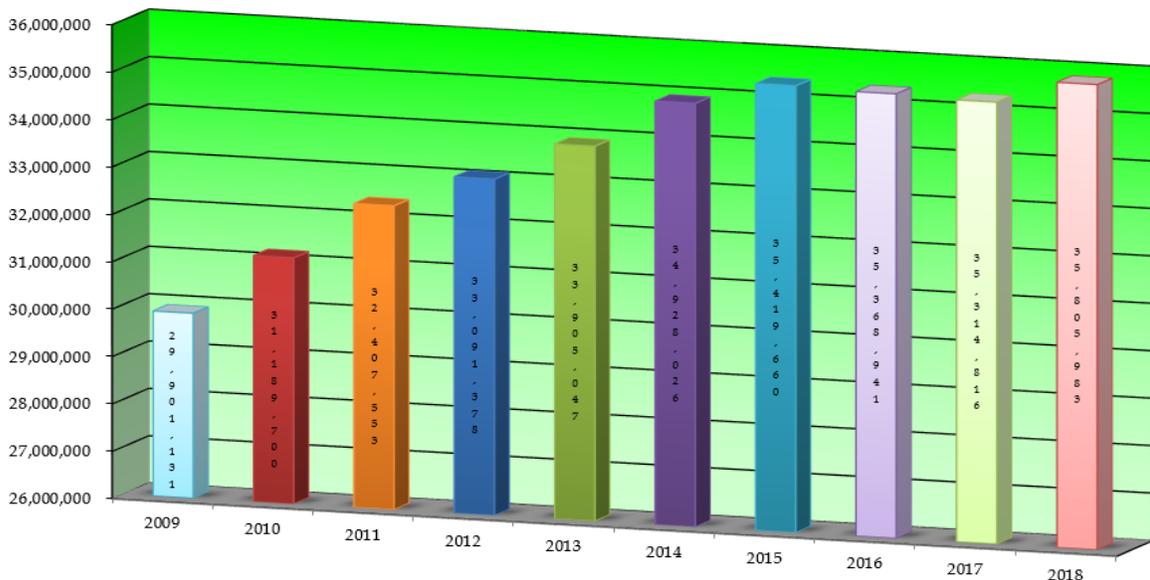
The following chart illustrates the General Fund's ending fund balance for the past ten fiscal years:

Caddo Parish Sheriff's Office Fund Balance

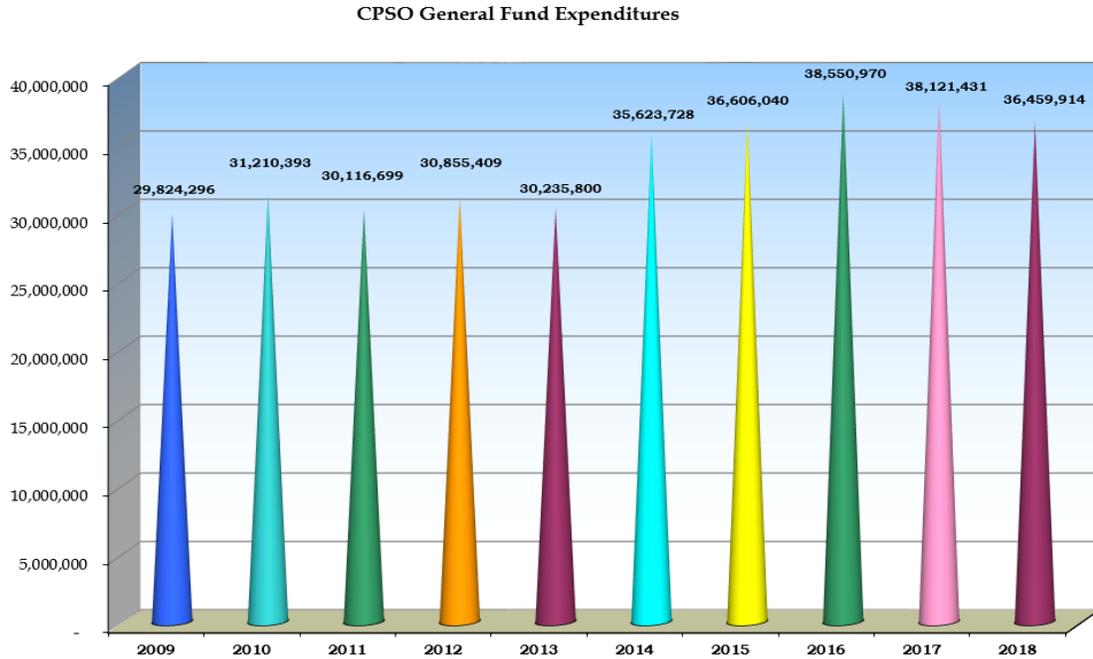


The General Fund revenue for 2018 increased \$423,146 from 2017. The major factors contributing to this change were increases in property taxes due to an increase in property values. The following chart illustrates the General Fund's total revenues for the past ten fiscal years:

CPSO General Fund Revenue



Operating expenditures totaled \$36,459,914 for the fiscal year 2018, which was \$1,661,517 or 4.36% less than expenditures of \$38,121,431 in fiscal year 2017, due mainly due to a decrease in the capital outlay. The following chart illustrates the General Fund's total expenditures for the past ten fiscal years:

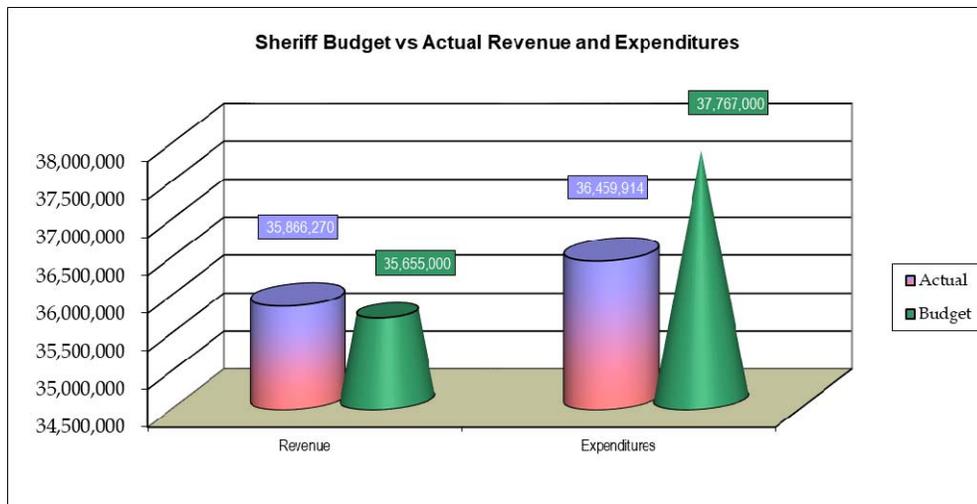


BUDGETARY HIGHLIGHTS

The General Fund's original revenue budget was less than the actual amounts recorded in fiscal year 2018. The final amended budgeted revenue of \$35,655,000 was slightly more than the actual amount received in fiscal year 2017 of \$35,443,124. The actual revenue recognized, on the budgetary basis, in fiscal year 2018 of \$35,866,270, exceeds the amended budgeted revenue by \$211,270.

The General Fund's original expenditure budget was more than the actual amounts recorded in fiscal year 2018. The final amended budgeted expenditures of \$37,767,000 were less than the actual expenditures in fiscal year 2017 of \$38,121,431. The actual expenditures, on the budgetary basis, in fiscal year 2018 of \$36,459,914, were less than the amended budgeted expenditures by \$1,307,086.

The following graph demonstrates the budgeted and actual revenue and expenditures for fiscal year 2018:



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation of \$7,666,378 as of June 30, 2018, was \$3,355,278. See Note 5 for additional information about changes in capital assets during the fiscal year. The following table provides a summary of capital asset activity.

	<u>2018</u>	<u>2017</u>
Capital assets		
Buildings	\$ 2,377,809	\$ 2,382,720
Law enforcement weapons and equipment	1,169,221	2,292,695
Vehicles	6,344,661	7,042,536
Equipment	283,586	474,165
Computer equipment and office furniture	846,379	1,587,891
Total capital assets	<u>11,021,656</u>	<u>13,780,007</u>
Less accumulated depreciation	<u>7,666,378</u>	<u>9,398,454</u>
Book value – capital assets	<u>\$ 3,355,278</u>	<u>\$ 4,381,553</u>
Percentage depreciated	<u>69.56%</u>	<u>68.20%</u>

At June 30, 2018, the depreciable capital assets for government activities were 69.56% depreciated versus 68.20% in the prior year.

Depreciation expense of buildings, computer equipment, office equipment and vehicles was \$1,040,963 for fiscal year 2018 and is included in total expenses for the public safety activity.

Other Post-Employment Benefits

The Caddo Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* as of June 30, 2018, which now requires the Caddo Parish Sheriff's Office to recognize a net OPEB liability of \$46,953,555.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, although similar to "assets," is set apart because these items do not meet the technical definition of being an asset of the Sheriff on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure. The deferred outflow of resources reported relate to the implementation of GASB Statement No. 68 and GASB Statement No. 71 for pension liability reporting. GASB 71 requires that contributions made during the fiscal year to the retirement system be reported as deferred outflows of resources. Consequently, the majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the Sheriff as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position. Deferred inflows of resources reported represent a net amount attributable to the various components that impact pension and OPEB changes, and can include

investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report contact Gwet Folsom, Caddo Parish Sheriff's Office, 505 Travis Street, Room 700, Shreveport, LA 71101.

Government – Wide Financial Statements (GWFS)

CADDO PARISH SHERIFF
Shreveport, Louisiana

Statement of Net Position
June 30, 2018

Assets	
Cash and cash equivalents	\$ 3,329,573
Investments	12,459,268
Receivables	1,011,626
Prepaid expenses	61,260
Capital assets, net of accumulated depreciation	<u>3,355,278</u>
Total assets	<u>20,217,005</u>
Deferred Outflows of Resources	
Deferred pensions	<u>4,370,208</u>
Total deferred outflows of resources	<u>4,370,208</u>
Liabilities	
Accounts payable	95,895
Accrued expenses	<u>904,512</u>
Total current liabilities	<u>1,000,407</u>
Long-term liabilities	
Portion due within one year	
Accrued compensated absences	1,439,365
Portion due after one year	
Net pension liability	11,314,938
Net other post-employment benefit liability	46,953,555
Accrued compensated absences	<u>1,026,762</u>
Total long-term liabilities	<u>60,734,620</u>
Total liabilities	<u>61,735,027</u>
Deferred Inflows of Resources	
Deferred inflows related to other post-employment benefit	225,200
Deferred inflows related to pension	<u>2,712,435</u>
Total deferred inflows of resources	<u>2,937,635</u>
Net Position (deficit)	
Invested in capital assets	3,355,278
Unrestricted	<u>(43,440,727)</u>
Total net position (deficit)	<u>\$ (40,085,449)</u>

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Statement of Activities
for the Year Ended June 30, 2018

	Program Revenues			
Expenses	Fees, fines and charges for services	Operating grants and contributions	Net (expense) revenue and changes in net position	
Functions/programs				
Governmental activities				
Public safety	<u>\$ 38,172,184</u>	<u>\$ 6,529,594</u>	<u>\$ 626,793</u>	<u>\$ (31,015,797)</u>
Total governmental activities	<u><u>\$ 38,172,184</u></u>	<u><u>\$ 6,529,594</u></u>	<u><u>\$ 626,793</u></u>	<u><u>(31,015,797)</u></u>
General revenues				
Taxes -				
Ad valorem taxes				22,643,478
Sales and use taxes				2,613,765
State revenue sharing				377,900
Supplemental pay				1,168,627
Proceeds from sale of general fixed assets				40,505
Interest and investment earnings				171,640
Miscellaneous				<u>2,711,414</u>
Total general revenues				<u>29,727,329</u>
Changes in net position (deficit)				(1,288,468)
Net position (deficit), beginning				(7,683,826)
Prior period adjustment, see Note 16				<u>(31,113,155)</u>
Net position, beginning, as restated				<u>(38,796,981)</u>
Net position (deficit), ending				<u><u>\$ (40,085,449)</u></u>

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

Fund Financial Statements

**CADDO PARISH SHERIFF
Shreveport, Louisiana**

**Balance Sheet – Governmental Funds
June 30, 2018**

	General Fund
Assets	
Cash and cash equivalents	\$ 3,329,573
Investments	12,459,268
Intergovernmental receivables	992,715
Receivables	18,911
Prepaid expenses	61,260
Total assets	\$ 16,861,727
Liabilities and Fund Balances	
Current liabilities	
Accounts payable	\$ 95,895
Accrued expenses	904,512
Total current liabilities	1,000,407
Fund balances	
Nonspendable	
Prepaid insurance	61,260
Unassigned	15,800,060
Total fund balances	15,861,320
Total liabilities and fund balances	\$ 16,861,727

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

**Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
June 30, 2018**

Total fund balances - governmental funds		\$ 15,861,320
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 11,021,656	
Less accumulated depreciation	<u>(7,666,378)</u>	3,355,278
Deferred outflows of resources reported in the Statement of Net Position		4,370,208
Long-term liabilities		
Net other post-employment benefit liability	(46,953,555)	
Compensated absences payable	(2,466,127)	
Net pension liability	<u>(11,314,938)</u>	(60,734,620)
Deferred inflows of resources reported in the Statement of Net Position		<u>(2,937,635)</u>
Total net position (deficit) of governmental activities		<u><u>\$ (40,085,449)</u></u>

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

**Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
for the Year Ended June 30, 2018**

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 22,643,478
Sales and use taxes	2,613,765
Intergovernmental revenues	
Federal grants	584,658
State sources	
Grants	42,135
Revenue sharing	377,900
Supplemental pay	1,168,627
Fees, charges, and commissions for services	
Commissions on state revenue sharing	533,692
Civil and criminal fees	3,834,423
Administrative - Caddo Correctional Center (CCC)	2,101,998
Transporting prisoners	59,481
Interest and investment earnings	171,640
Miscellaneous	1,674,186
Total revenues	<u>35,805,983</u>
Expenditures	
Current - public safety	
Personnel services and related benefits	27,130,212
Operating services	2,042,950
Materials and supplies	1,543,401
Other charges	702,881
Capital outlay	40,470
Payments to CCC	5,000,000
Total expenditures	<u>36,459,914</u>
Excess of revenues (expenditures)	(653,931)
Other financing sources	
Proceeds from sale of general fixed assets	60,287
Total other financing sources	<u>60,287</u>
Net change in fund balances	(593,644)
Fund balances at beginning of year	<u>16,454,964</u>
Fund balances at end of year	<u>\$ 15,861,320</u>

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds to the Statement of Activities
for the Year Ended June 30, 2018**

Net change in fund balances - total governmental funds	\$	(593,644)
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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. This is the effect of capital outlay, depreciation expense, and other capital asset transactions in the current period.

Capital Outlay	40,470	
Disposal of capital assets	(25,782)	
Less depreciation expense recorded	(1,040,963)	(1,026,275)

The net OPEB liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net OPEB asset/liability.		(1,161,854)
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The net pension liability is not susceptible to accrual and therefore is not reported in the funds. This amount represents the change in the net pension liability.		1,316,704
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Compensated absences increase in current year		176,601
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Change in net position of governmental activities	\$	(1,288,468)
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The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF
Shreveport, Louisiana**

**Statement of Fiduciary Net Position –
Agency Funds
June 30, 2018**

Assets	
Cash	\$ 7,677,331
	<hr/>
Total assets	\$ 7,677,331
	<hr/> <hr/>
Liabilities	
Accounts payable	\$ 1,683,455
Payable to Caddo Parish Sheriff's Office	100,563
Prepayment program	446,326
Unsettled balances due to taxing bodies and others	5,446,987
	<hr/>
Total liabilities and net position	\$ 7,677,331
	<hr/> <hr/>

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

CADDO PARISH SHERIFF

Shreveport, Louisiana

Notes to Financial Statements

June 30, 2018

Introduction

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

As the chief law enforcement officer of the Parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the Parish. The Sheriff provides protection to the residents of the Parish through on-site patrols and investigations and serves the residents of the Parish through the establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the Sheriff 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, state revenue sharing funds, costs, and bond forfeitures imposed by the district court.

Note 1 - Reporting entity and summary of significant accounting policies

Reporting entity - The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government or an entity which, when excluded would create misleading or incomplete financial statements, should be included in its reporting entity. The accompanying financial statements include the operations of the Sheriff. There are no component units for which the Sheriff is financially accountable.

The position of Sheriff is a constitutional office and as such has power to set budgets, call tax elections, and appropriate funds with no oversight or review by the Caddo Parish Commission (the "Commission"). The Commission has an obligation to furnish the Sheriff space and minimal financial support according to state statutes. The Commission is not responsible for the financing of deficits of the Sheriff, nor is it entitled to receive any surplus. The Sheriff is not included as a component unit in the reporting entity of the Commission for financial reporting purposes.

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility, known as the Caddo Correctional Center ("Center"). The Sheriff also maintains accounting records, prepares annual budgets, and prepares financial information. The maintenance and operation of the Center is funded by a one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations of the Center, including concessions, telephones, and grants, all of which are dedicated to the operation of the Center. Ultimate responsibility for the Center is vested in the Commission. The financial operations of the Center are reflected in the financial statements of the Commission and are not reflected in the financial statements of the Sheriff.

Beginning in 2000, the Sheriff occupied space in the Parish Complex. The cost of maintaining and operating the Parish Courthouse and the Parish Complex, as required by Louisiana law, is paid by the Commission. These expenditures are not recorded in the accompanying financial statements.

Basis of presentation - The accompanying basic financial statements of the Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements (GWFS) - The Statement of Net Position and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities and funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Position - Agency Funds at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten (10%) percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental fund:

General Fund - The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff and accounts for the operations of the Sheriff. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district and state revenue sharing. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees and transporting of prisoners, etc. General operating expenditures are paid from this fund.

The Sheriff also reports the following fund types:

Fiduciary Funds - Fiduciary funds are used to account for assets held by the Sheriff in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The only funds accounted for in this category by the Sheriff are agency funds.

Agency Funds are used to account for assets held in a trustee capacity. The Sheriff's Agency Funds are used as depositories for civil suits, cash bonds, taxes, fees, etc. Disbursements from these funds are made to various parish agencies, litigants in suits, etc., in the manner prescribed by law.

The accounts of the Tax Collector Agency Fund are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus.

Measurement focus/basis of accounting

The governmental financial statements were prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Sheriff's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within sixty (60) days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain long term compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used.

The following practices are used in recording revenues and expenditures within the governmental funds:

Revenues

Ad valorem taxes, sales taxes and commissions earned from state revenue sharing are recorded in the year they become due and payable. Ad valorem taxes are assessed for the calendar year, become due on December 30 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year. The lien date is January 1, when interest begins accumulating at one-percent monthly. Revenue sharing is generally collected in three equal installments in December, March and May of the fiscal year.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other financing sources (uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Unearned revenues

Unearned revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

The following practices are used in recording additions and reductions within the Fiduciary Funds (agency funds):

Additions - The majority of additions are not susceptible to accrual because they are not measurable until received in cash.

Reductions - Reductions are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgetary accounting - The Sheriff utilizes the following procedures in establishing the budgetary data for the General Fund:

- 1) During May, the Sheriff's office prepares the proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is held on the proposed budget.
- 3) The adopted budget is published in the official journal prior to the commencement of the fiscal year for which the budget is being adopted.
- 4) A public hearing is held for proposed amendments to the budget.
- 5) Amended budget is published in official journal.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget is prepared on the same basis as these financial statements are prepared, specifically the modified accrual basis, as described in the preceding pages. Expenditures may not legally exceed appropriations on a fund basis.

The proposed budget for the year ended June 30, 2018, was made available for public inspection and was published in the Shreveport Times, more than ten days before the public hearing, which was held on June 28, 2017, at the Caddo Parish Sheriff's office for comments from taxpayers. The budget was amended and published more than ten days before the public hearing, which was held on June 26, 2018, at the Caddo Parish Sheriff's office for comments from taxpayers.

Encumbrances and budget - Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and interest-bearing deposits - Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits and time deposits. These deposits are stated at cost, which approximates market.

Investments - Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

State statutes generally authorize the Sheriff to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission. In addition, local governmental entities in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. ("LAMP"), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

State law authorizes the Sheriff, as the Tax Collector for Caddo Parish, to deposit tax collections in interest-bearing accounts with a bank domiciled in the parish when the funds are collected. Furthermore, state statutes authorize the Tax Collector to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. LAMP is designed to be highly liquid to give participants immediate access to their account balances.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the Sheriff has no funds that would be classified as investments or anything with maturities greater than three months.

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

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful lives of 30 years for buildings, 5-10 years for furniture, fixtures and equipment, and 5 years for vehicles.

Compensated absences - Employees of the Sheriff's office earn from 10 to 20 days of vacation leave and sick leave each year, depending upon their length of service. Employees resigning or the heirs of employees may be paid for unused vacation leave at the employee's current rate of pay. Payment of accumulated sick leave is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The long term portion of the accrued liability for compensated absences, along with the current portion of the liability, is included in the government-wide financial statements.

Claims and judgments - Claims and judgments are recorded as expenditures in governmental funds for the amount that will be liquidated with current available financial resources. The remainder of any liability is recorded in the government-wide financial statements.

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

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted net position – Consists of net position with constraints 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.
- Unrestricted net position – Net position that does not meet the definition of “restricted” or “invested in capital assets”.

Fund balance classification – The fund balance is classified into categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending restraints:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Sheriff had \$61,260 in prepaid expenses which is a non-spendable resource as of June 30, 2018.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Sheriff did not have any restricted resources as of June 30, 2018.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Sheriff. These amounts cannot be used for any other purpose unless the Sheriff removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Sheriff did not have any committed resources as of June 30, 2018.
- **Assigned:** This classification includes amounts that are constrained by the Sheriff's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Sheriff or by an official or body to which the Sheriff delegates the authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Sheriff did not have any assigned resources as of June 30, 2018.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. General Fund had \$15,800,060 at June 30, 2018, classified as unassigned.

The Sheriff would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

On-behalf payments for fringe benefits and salaries - The Caddo Parish Sheriff receives on-behalf payments from the State of Louisiana to be used for supplemental pay to qualified law enforcement officers. On-behalf payments to the Caddo Parish Sheriff totaled \$1,168,627 for the fiscal year ended June 30, 2018. Such payments are recorded as intergovernmental revenue (state supplemental pay) and public safety expenses (personnel services and related benefits) in the GAAP basis government-wide and general fund financial statements.

Use of estimates - The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Deferred outflows and inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Sheriff has one item that meets this criterion, contributions made to the pension plan in the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Sheriff has two items that meet the criterion for this category, a deferral of pension expense and a deferral of other postemployment benefits.

Pensions - 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 ("the Fund") and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by 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.

Budgets and budget basis of accounting - The budget is adopted on a modified accrual basis which means that for budgetary purposes revenues and expenditures are recorded in the year earned (incurred) rather than in the year received (paid). Revisions made to the original general fund expenditures budget was as follows:

	<u>Original Budget</u>	<u>Total Decrease</u>	<u>Revised Budget</u>
General Fund	\$ 39,878,000	\$ (2,111,000)	\$ 37,767,000

Adoption of new financial accounting standards – The Sheriff adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agency Multiple-Employer Plans, for OPEB*. The adoption of Statement No. 75 has resulted in the restatement of the Sheriff's fiscal year 2017 government-wide statements to reflect the reporting of the net OPEB liability in accordance with the provisions of the statement (See Note 16).

Future accounting pronouncements - The Governmental Accounting Standards Board has issued several pronouncements that have effective dates that may impact future presentations. The Sheriff is currently evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

- Statement No. 84 – Fiduciary Activities
- Statement No. 87 – Leases
- Statement No. 88 – Certain Disclosures Related to Debt

Note 2 - Cash and cash equivalents

All deposits of the Sheriff are held by area financial institutions. At June 30, 2018, the carrying amount of the Sheriff's cash deposits was as follows:

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position
Demand deposits	\$ 3,329,573	\$ 7,677,331
Total demand deposits	\$ 3,329,573	\$ 7,677,331

The collected funds on deposit in the General Fund and Fiduciary Funds totaled \$11,893,595. The difference in the bank balances and the carrying amounts presented above is mostly due to outstanding checks at June 30, 2018. Of the bank balances, \$250,045 was covered by federal depository insurance (GASB Category 1) and \$11,643,550 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Sheriff's name (GASB Category 2). The Sheriff does not have a written policy for custodial credit risk.

Note 3 - Investments

The Sheriff had \$12,459,268 invested with LAMP at June 30, 2018. Because these investments are not evidenced by securities that exist in physical or book entry form, they are not categorized for the purposes of this note. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments may participate in LAMP. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest. The dollar weighted average portfolio maturity of LAMP is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

Fair Value Measurement – GASB Statement No. 72, establishes a hierarchy of inputs to valuation techniques used to measure fair value. The Sheriff measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles using a market approach technique. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

As of June 30, 2018, the Sheriff's investments were invested with LAMP. The fair value of a share in LAMP is the same as the book value (i.e., a share in the pool is always worth \$1.00 per share).

Note 4 - Receivables

Receivables in the General Fund at June 30, 2018, are as follows:

Ad valorem taxes	\$	87,055
Intergovernmental revenues		
Federal and state grants		203,333
State supplemental pay		97,636
Fees, charges, and commissions for services		
Auto recovery and sheriff sale commissions		106,212
Fines and bonds fees and commissions		65,949
Civil and criminal fees		74,570
Security and court fees		84,447
Gaming fees		94,433
Tax collection		16,749
Transportation of prisoners		2,665
Garnishment commissions		3,165
Patrol, reports and seizure fees		5,093
Refunds and reimbursements		81,088
Other		89,232
	\$	<u>1,011,626</u>

These amounts are presented in the accompanying fund financial statements under the following captions:

Receivables	\$	18,911
Intergovernmental receivables		992,715
	\$	<u>1,011,626</u>

Note 5 - Capital assets

A summary of changes in capital assets used in governmental activities is as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Assets, at cost				
Buildings	\$ 2,382,720	\$ -	\$ 4,911	\$ 2,377,809
Law enforcement weapons and equipment	2,292,695	-	1,123,474	1,169,221
Computer equipment and office furniture	1,587,891	11,100	752,612	846,379
Equipment	474,165	-	190,579	283,586
Vehicles	7,042,536	29,370	727,245	6,344,661
Total cost	<u>13,780,007</u>	<u>\$ 40,470</u>	<u>\$ 2,798,821</u>	<u>11,021,656</u>
Less accumulated depreciation	<u>9,398,454</u>	<u>\$ 1,040,963</u>	<u>\$ 2,773,040</u>	<u>7,666,378</u>
Capital assets, net	<u>\$ 4,381,553</u>			<u>\$ 3,355,278</u>

Depreciation expense of buildings, computer equipment, office equipment and vehicles was \$1,040,963 for fiscal year 2018 and is included in total expenses for the public safety activity.

Note 6 - Defined benefit pension plan

Plan Description

The Sheriffs' Pension and Relief Fund (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. The Fund is a cost-sharing multiple-employer defined pension plan.

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

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 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.

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 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-two, 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 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.

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.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the years ended June 30, 2018 and 2017, the actuarially determined employer contribution rates were 12.75% and 13.25%, respectively, with an additional 0% allocated from the Funding Deposit Account. For the year ended June 30, 2018, the actuarially determined employer contribution rate was 9.53%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Employer contributions for the years ended June 30, 2018 and June 30, 2017, were \$2,271,070 and \$2,397,967, respectively.

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 for the year ended June 30, 2018.

Plan members are required by state statute to contribute 10.25% of their annual covered salary. For the year ended June 30, 2018, in addition to the required employer contribution, the Sheriff elected to contribute the employee's required portion on behalf of its plan members. The total extra contributions paid by the Sheriff on behalf of the plan member were \$1,825,762 for the year ended June 30, 2018.

Contribution Refunds

Upon withdrawal from service, members are not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system

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

At June 30, 2018, the Caddo Parish Sheriff reported a liability of \$22,186,153 for its proportionate share of the Net Pension Liability. The Sheriff reported a liability of \$11,314,938 which was 51% of the total Net Pension Liability. The remaining 49% of the liability is reported by Caddo Correctional Center. The Net Pension Liability was measured as of June 30, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the Net Pension Liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Sheriff's proportion (including the Caddo Correctional Center) was 5.123499% which decreased .106066% from the proportion measured as of June 30, 2016. Of this amount, 51% was allocated to the Sheriff.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$1,991,595, which included the Sheriff's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$345.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,969,669
Changes in assumptions	1,990,922	-
Net difference between projected and actual earnings on retirement plan investments	-	162,403
Changes in proportion and differences between Sheriff contributions and proportionate share of contributions	108,216	580,363
Sheriff contributions subsequent to measurement date	<u>2,271,070</u>	-
Total	<u>\$ 4,370,208</u>	<u>\$ 2,712,435</u>

Deferred outflows of resources of \$2,271,070 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of 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>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (525,883)
2020	\$ 684,839
2021	\$ 123,276
2022	\$ (919,490)
2023	\$ 15,594
2024	\$ 8,368

Actuarial Assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 (measurement date), are as follows:

Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment rate of return	7.5% net of investment expense
Discount rate	7.4%
Projected salary increases	5.5% (2.775% Inflation, 2.725% Merit)
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table for disabled annuitants.
Expected remaining service lives	2017 – 7 years, 2016 – 7 years, 2015 – 6 years, 2014 – 6 years
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.

The rate of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equity Securities	60%	4.4%
Bonds	25%	0.7%
Alternative Investments	15%	0.6%
Totals	<u>100%</u>	<u>5.7%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		<u>8.3%</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the 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 Sheriff's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Sheriff's proportionate share of the Net Pension Liability using the discount rate of 7.4%, as well as what the Sheriff's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Sheriff's proportionate share of the net pension liability	\$ 23,311,756	\$ 11,314,938	\$ 1,221,250

Support of Non-employer Contributing Entities - Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Sheriff recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the Sheriff recognized revenue as a result of support received from non-employer contributing entities of \$1,037,229 for its participation in the Sheriff's Pension and Relief Fund.

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Sheriffs' Pension and Relief Fund Audit Report at www.la.gov. The Sheriffs' Pension and Relief Fund issues a publicly available audit report that includes financial statements and required supplementary information.

Payables to the Pension Plan - At June 30, 2018, the Sheriff had payables due to the pension plan totaling \$139,279.

Note 7 - Other post-employment benefits

General Information about the OPEB Plan

Plan Description - The Caddo Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Caddo Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided - Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 15 years of service and attainment of age 55.

Life insurance coverage is available to retirees in the same amount of insurance coverage while active, but retiree insurance coverage amounts are reduced at age 65 to 75% of the original amount and to 50% of the original amount at age 70. The retiree pays 100% of the "cost" of the retiree life insurance in excess of \$10,000, but based on the blended rates. There is therefore an implicit employer subsidy to the extent that the higher retiree rates are diluted by the lower active rates. Since GASB 74/75 requires the use of "unblended" rates, we have used the valuation mortality table 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 and thus estimate and value this employer subsidy. 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.

Dental insurance coverage is provided to retirees and the employer pays for the retiree portion of the premium only, not dependents. The results for dental insurance have been included with the medical valuation and all of the assumptions used for the valuation of the medical benefits have been used for dental except for the trend assumption; zero trend was used for dental insurance.

Employees covered by benefit terms – At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	146
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>315</u>
	<u><u>461</u></u>

Net OPEB Liability

At June 30, 2018, the Sheriff reported a liability of \$46,953,555 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net OPEB liability was based on a projection of the Sheriff's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Sheriff's proportion was 61.52%.

The amount recognized by the Sheriff as its proportionate share of the OPEB liability, the related Caddo Correctional Center support, and the total portion of the net OPEB liability that was associated with the Sheriff were as follows:

Sheriff's proportionate share of the net OPEB liability	\$ 46,953,555
Caddo Correctional Center's proportionate share of the net OPEB liability associated with the Sheriff	<u>29,367,163</u>
Total	<u><u>\$ 76,320,718</u></u>

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.5%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Net OPEB Liability

Balance at June 30, 2017	\$ 46,016,901
Changes for the year:	
Service cost	785,362
Interest	1,589,664
Differences between expected and actual experience	(242,523)
Benefit payments and net transfers	(1,195,849)
Net changes	936,654
Balance at June 30, 2018	\$ 46,953,555

Sensitivity of the Sheriff's proportionate share of the net OPEB liability to changes in the discount rate – The following presents the Sheriff's proportionate share of the net OPEB liability, as well as what the Sheriff's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
Net OPEB liability	\$ 54,870,982	\$ 46,953,555	\$ 40,729,534

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Net OPEB liability	\$ 40,611,103	\$ 46,953,555	\$ 54,935,922

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

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$2,357,703. At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (225,200)
Total	\$ -	\$ (225,200)

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

Years ending June 30:	Net Amount to be Recognized
2019	(17,323)
2020	(17,323)
2021	(17,323)
2022	(17,323)
2023	(17,323)
Thereafter	(138,585)

Note 8 - Lease commitments

At June 30, 2018, the Sheriff had seven contractual operating leases. The building and facilities leases are for the Training Academy, Fleet Management facility, Narcotics Task Force, Pistol Range, Cross Bayou Boat Ramp, Safety Town and Caddo Correctional Center Annex Facility. The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal Year:		
2018-2019	\$	181,520
2019-2020		170,540
2020-2021		57,600
2021-2022		57,600
2022-2023		59,200
Thereafter		301,600
Total	\$	<u>828,060</u>

Total rental expenditure under operating leases was approximately \$191,412 for the year ended June 30, 2018. These payments are currently reimbursed by the Caddo Parish Commission, except the Training Academy and the Fleet Maintenance Building, as required by law.

Note 9 - Long-term liabilities

The long-term liabilities of the Sheriff, which are due to governmental activities, consist of liabilities for accrued compensated absences.

Activity in accrued compensated absences for the fiscal year ended June 30, 2018, is as follows:

Balance, July 1, 2017	\$	2,642,728
Additions for earned compensated absences		962,138
Less use of accrued amounts		<u>(1,138,739)</u>
Balance, June 30, 2018		2,466,127
Less current portion		<u>(1,439,365)</u>
Long-term portion	\$	<u>1,026,762</u>

Note 10 - 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 taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 30, and become delinquent on December 31 of the current year. The taxes are based on assessed values determined by the Tax Assessor of Caddo Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year for which levied and billed. For the year ended June 30, 2018, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rates described below on property with assessed valuations totaling \$2,093,594,788.

The following is a summary of authorized and levied ad valorem taxes which represent separate millages authorized by the voters as of June 30, 2018:

	Authorized Millage	Levied Millage	Expiration Date
Caddo Parish Law Enforcement District:			
Act 689 of 1976	4.25	4.25	None
Continued general services	1.73	1.73	12/31/2022
Additional services	1.73	1.73	12/31/2022
Additional services	2.79	2.79	12/31/2022
Additional funding	2.65	2.65	12/31/2022
	<u>13.15</u>	<u>13.15</u>	

As of June 30, 2018, the cash balance on hand in the tax collector account are \$5,993,876 which is included in the cash balances reflected in Note 2. During the fiscal year ended June 30, 2018, Sheriff's office, as Tax Collector for Caddo Parish, collected \$235,553,541 of 2017 assessed taxes, net of homestead exemptions of \$44,877,943. In addition, the Sheriff collected \$3,416,484 of prior year taxes in the fiscal year ended June 30, 2018.

The Sheriff has collected and uncollected taxes as of June 30, 2018, attributable to the following taxing authorities:

Tax Authority	Collected Taxes	Uncollected Taxes
Charles Henington, Jr. Assessor	\$ 4,042,403	\$ 58,332
Caddo Fire District No. 1	1,961,721	34,564
Caddo Fire District No. 2	32,365	394
Caddo Fire District No. 3	2,212,325	21,833
Caddo Fire District No. 4	1,114,673	25,095
Caddo Fire District No. 5	1,878,754	2,367
Caddo Fire District No. 6	804,080	25,688
Caddo Fire District No. 7	1,187,140	49,195
Caddo Fire District No. 8	890,993	37,364
Caddo Fire District No. 9	58	-
Caddo Levee District	196	-
Caddo School Board	130,314,244	1,880,426
Caddo Sewer District 7	175	-
Caddo Sewer District 2	93,784	1,046
Caddo-Bossier Port Commission	4,428,713	63,934
Law Enforcement District	23,210,679	334,985
La Dept. Agriculture (Forest Protection)	23,134	9
La Tax Commission	84,445	765
North Caddo Hospital	424,110	15,847
Parish-Bio Medical	3,018,142	43,564
Parish-Bonded Debt Service	2,651,537	38,210
Caddo Parish	6,837,644	95,764
Parish-Courthouse Maintenance	4,797,891	69,290
Parish-Criminal Justice	212	-
Parish-Jail Facilities	9,548,921	137,805
Parish-Juvenile	3,475,054	50,189
Parish-Public Facilities	1,464,352	21,142
Parish-Public Health	3,776,306	54,505
Parish-Public Works	10,307,573	148,763
Parish-Drainage, Garbage, Roads, Parks	22	-
Red River Waterway Commission	4,116,502	59,602
Shreve Memorial Library	16,271,777	234,863
Water Districts No. 1 and No. 7	100	-
	<u>\$ 238,970,025</u>	<u>\$ 3,505,541</u>

These taxes are uncollected for these general reasons:

Taxes not paid - Mobile homes are not taken to tax sale	\$ 139,305
Taxes not paid - Oil & Gas accounts have lawsuits filed as alternative to tax sale	382,855
Taxes not paid - Personal Property account have lawsuits filed as alternative to tax sale	1,153,781
Taxes not paid - Base taxes < \$10 are not taken to tax sale	2,044
Property placed on Exempt Roll prior to tax sale	16,450
Public service accounts are not taken to tax sale	139,752
Supplemented taxes - homestead audit - not able to comply with tax sale notice or advertising requirements	1,499
Property on Adjudicated Tax Roll from prior years	977,177
Property on Adjudicated Tax Roll from current year	668,823
Account coded with bankruptcy filing, not taken to tax sale	23,855
	<u>\$ 3,505,541</u>

Note 11 - Changes in agency funds - balances due to taxing bodies and others

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

	Sheriff's Funds	Tax Collector
Balance, July 1, 2017	\$ 1,608,201	\$ 6,343,849
Additions	12,533,128	247,864,273
Reductions	(12,457,874)	(248,214,246)
Balance, June 30, 2018	\$ <u>1,683,455</u>	\$ <u>5,993,876</u>

Sheriff's Fund

The Sheriff's Fund accounts for funds held in civil suits, Sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the 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 accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Note 12 - State revenue sharing funds

The revenue sharing funds provided by Louisiana Act 945 were distributed as follows:

Caddo Parish	
Assessor	\$ 97,234
Commission	1,033,042
School Board	1,793,182
Sheriff	911,592
Sewerage districts	1,870
Fire protection districts	137,728
Shreve Memorial Library	391,042
Red River Waterway Commission	99,336
Pension funds	206,800
Total	\$ <u>4,671,826</u>

Note 13 - Protest taxes

Louisiana Revised Statute 47:2110 provides that taxpayers, at the time of payment of all taxes due, may give notice to the Tax Collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the Tax Collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the Tax Collector refunds the amount due, with interest at the actual rate earned on the money paid under protest from the date the funds were received by the Tax Collector. At June 30, 2018, the Sheriff, as Tax Collector, held \$284,598 in protested taxes.

Note 14 - Related party transactions

The Sheriff manages and operates the Caddo Correctional Center ("Center"). For the year ended June 30, 2018, the Sheriff paid \$5,000,000 to the Center for operating expenses.

For the year ended June 30, 2018, the Center reimbursed the Sheriff \$2,101,998 for administrative services. This reimbursement is included in revenue as fees, charges, and commissions for services.

Note 15 - Contingencies, litigation, and claims

Litigation

At June 30, 2018, the Sheriff is named as defendant in several lawsuits. In the opinion of the Sheriff's legal counsel, no claims or suits exist for which there is insufficient insurance coverage and resolution of these matters will not have a material adverse effect on the financial condition of the Caddo Parish Sheriff.

Grants

The Sheriff participates in several federal and state assisted grant programs. These programs are subject to program compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Sheriff believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Risk management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omission. These risks are handled by the Sheriff through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred and no claims exceeded the Sheriff's insurance coverage for each of the past three years.

Note 16 - Change in Accounting Principle and Prior Period Adjustment

During the preparation of the financial statements for the year ended June 30, 2018, the Sheriff adopted GASB 75 related to post-employment benefits other than pension which resulted in the restatement of the beginning net position of the Sheriff's government-wide statements reflecting the cumulative retrospective effect of the adoption as follows:

	Governmental Activities
Net position (deficit), June 30, 2017	\$ <u>(7,683,826)</u>
Prior period adjustment:	
Cumulative effect of changes in accounting principle:	
GASB 75- Accounting and Financial Report for Postemployment Benefits Other Than Pensions	(31,113,155)
Net position (deficit), June 30, 2017, as restated	\$ <u><u>(38,796,981)</u></u>

Required Supplementary Information

CADDO PARISH SHERIFF
Shreveport, Louisiana
General Fund Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad valorem taxes	\$ 22,600,000	\$ 22,600,000	\$ 22,487,182	\$ (112,818)
Sales and use taxes	2,510,000	2,580,000	2,613,765	33,765
Penalties and interest on taxes	70,000	135,000	156,296	21,296
Tax collection fees	265,000	265,000	252,472	(12,528)
Permits	8,000	12,000	15,265	3,265
Gaming fees	450,000	450,000	441,884	(8,116)
State grants	60,000	60,000	42,135	(17,865)
State revenue sharing	913,000	913,000	911,592	(1,408)
State supplemental pay	1,250,000	1,250,000	1,168,627	(81,373)
State permits	-	-	4,098	4,098
Federal grants	400,000	400,000	584,658	184,658
Civil and criminal fees	460,000	460,000	446,552	(13,448)
Transporting prisoners	60,000	70,000	59,481	(10,519)
Sheriff's commissions (sales)	1,200,000	1,270,000	1,276,017	6,017
Sheriff's commissions (garnishment)	55,000	55,000	56,199	1,199
Outside civil service	150,000	160,000	174,344	14,344
Stock patrol fees	5,000	5,000	4,110	(890)
Notice of seizure	5,000	5,000	1,965	(3,035)
Accident reports	8,000	11,000	11,601	601
Criminal bail bond fees	160,000	180,000	185,708	5,708
Commissions on fines	120,000	120,000	112,444	(7,556)
Criminal fees	250,000	235,000	241,572	6,572
Appearance bond forfeitures	30,000	30,000	30,714	714
Interest earned on investments	70,000	150,000	171,640	21,640
Probation and parole fees	450,000	450,000	498,587	48,587
Sex offender registration	35,000	35,000	37,745	2,745
Gun permit fees	15,000	-	-	-
Miscellaneous revenue	811,000	914,000	961,425	47,425
CPC reimbursement	730,000	730,000	755,907	25,907
CCC accounting and administrative service	2,290,000	2,110,000	2,101,998	(8,002)
Total revenue	<u>35,430,000</u>	<u>35,655,000</u>	<u>35,805,983</u>	<u>150,983</u>
Expenditures				
Personnel services	28,463,000	27,605,000	27,130,212	474,788
Contractual services	2,099,000	1,910,000	2,042,950	(132,950)
Materials and supplies	1,798,000	1,790,000	1,543,401	246,599
Statutory charges	259,000	279,000	151,000	128,000
Other charges	6,552,000	5,507,000	5,551,881	(44,881)
Capital outlay	707,000	676,000	40,470	635,530
Total expenditures	<u>39,878,000</u>	<u>37,767,000</u>	<u>36,459,914</u>	<u>1,307,086</u>
Excess of revenues over expenditures	(4,448,000)	(2,112,000)	(653,931)	1,458,069
Other financing sources				
Proceeds from sale of fixed assets	-	-	60,287	60,287
Total other financing sources	<u>-</u>	<u>-</u>	<u>60,287</u>	<u>60,287</u>
Net changes in fund balances	(4,448,000)	(2,112,000)	(593,644)	1,518,356
Fund balance at beginning of year	16,571,271	16,454,964	16,454,964	-
Fund balance at end of year	<u>\$ 12,123,271</u>	<u>\$ 14,342,964</u>	<u>\$ 15,861,320</u>	<u>\$ 1,518,356</u>

See Independent Auditors' Report

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of the Sheriff's Proportionate Share of the Net Pension Liability
June 30, 2018

Fiscal Year*	Agency's proportion of the net pension liability *	Sheriff's allocated proportion of the net pension liability (51%)**	Sheriff's proportionate share of the net pension liability (51%)**	Sheriff's covered - employee payroll***	Sheriff's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability*
Sheriff's Pension and Relief Fund						
2018	5.123500%	2.612980%	\$ 11,314,938	\$ 18,097,866	62.52%	88.50%
2017	5.229570%	2.667080%	\$ 16,927,665	\$ 18,214,863	92.93%	82.10%
2016	5.299788%	2.702892%	\$ 12,048,187	\$ 17,041,690	70.70%	86.61%
2015	5.442640%	2.775746%	\$ 10,991,970	\$ 17,046,846	64.48%	87.34%

*Amounts presented were determined as of the measurement date (prior fiscal year).

**Note that 49% of the proportionate share is allocated to the Caddo Correctional Center (Center) and 51% is allocated to the Caddo Parish Sheriff's Office (Sheriff).

***Since the amounts presented have a measurement date of the previous fiscal year, the covered-employee payroll presented is for the prior fiscal year end.

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

CADDO PARISH SHERIFF
Shreveport, Louisiana

Schedule of Contributions to the Sheriffs' Pension and Relief Fund
June 30, 2018

Fiscal Year*	(a) Statutorily required contribution for agency	(b) Contributions in relation to the statutorily required contribution	(a-b) Agency's contribution deficiency (excess)	(c) Allocation to Sheriff of contractually required contribution (51%)**	(d) Sheriff's contributions in relation to the contractually required contribution	(c-d) Sheriff's contribution deficiency (excess)	(e) Sheriff's covered employee payroll	(d/e) Contributions as a percentage of covered employee payroll
Sheriff's Pension and Relief Fund								
2018	\$ 4,453,079	\$ 4,453,079	\$ -	\$ 2,271,070	\$ 2,271,070	\$ -	\$ 17,812,315	12.75%
2017	\$ 4,701,897	\$ 4,701,897	\$ -	\$ 2,397,967	\$ 2,397,967	\$ -	\$ 18,097,866	13.25%
2016	\$ 4,910,869	\$ 4,910,869	\$ -	\$ 2,504,543	\$ 2,504,543	\$ -	\$ 18,214,863	13.75%
2015	\$ 5,007,228	\$ 5,007,228	\$ -	\$ 2,553,686	\$ 2,553,686	\$ -	\$ 17,041,690	14.98%

*The amounts presented were determined as of the end of the fiscal year.

**Note that 49% of the required contribution is allocated to the Caddo Correctional Center and 51% is allocated to the Caddo Parish Sheriff's Office.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Notes to Required Supplementary Information
June 30, 2018

Changes of Benefit Terms

There were no changes in benefit terms for the measurement year ended June 30, 2017 and June 30, 2016. During the year ended June 30, 2015, the Fund granted a 2.5% Cost of Living Adjustment (COLA) to retired members and beneficiaries. The actuarial cost of the COLA was included as a change of benefit in the Schedules of Changes in Net Pension Liability for the year ended June 30, 2015.

Changes of Assumptions

The discount rate was lowered from 7.5% to 7.4% in the actuarial valuation for the year ended June 30, 2017. During the year ended June 30, 2016, the discount rate was reduced from 7.6% to 7.5%. For the actuarial valuation for the year ended June 30, 2015, the discount rate was reduced from 7.7% to 7.6%, the salary increase assumption was reduced from 6% to 5.5%, and the inflation assumption was reduced from 3% to 2.875%.

CADDO PARISH SHERIFF

Shreveport, Louisiana

**Schedule of Changes in Sheriff's Proportionate Share of Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018**

Sheriff's proportionate share of total OPEB liability	
Service cost	\$ 785,362
Interest	1,589,664
Changes of benefit terms	-
Differences between expected and actual experience	(242,523)
Changes of assumptions	-
Benefit payments	<u>(1,195,849)</u>
Net change in Sheriff's proportionate share of total OPEB liability	936,654
Sheriff's proportionate share of total OPEB liability - beginning	<u>46,016,901</u>
Sheriff's proportionate share of total OPEB liability - ending (a)	<u><u>\$ 46,953,555</u></u>
Sheriff's proportionate share of plan fiduciary net position	
Contributions - employer	\$ -
Net investment income	<u>-</u>
Net change in Sheriff's proportionate share of plan fiduciary net position	-
Sheriff's proportionate share of plan fiduciary net position - beginning	<u>-</u>
Sheriff's proportionate share of plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
Sheriff's proportionate share of net OPEB liability - ending (a) - (b)	<u><u>\$ 46,953,555</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered-employee payroll	\$ 19,011,097
Sheriff's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	246.98%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2018.

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

Supplementary Information

CADDO PARISH SHERIFF
Shreveport, Louisiana

Fiduciary Funds - Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	Sheriff's Fund	Tax Collector Fund	Total
Assets			
Cash	\$ 1,683,455	\$ 5,993,876	\$ 7,677,331
Total assets	\$ 1,683,455	\$ 5,993,876	\$ 7,677,331
 Liabilities			
Accounts payable	\$ 1,683,455	\$ -	\$ 1,683,455
Payable to Caddo Parish Sheriff	-	100,563	100,563
Prepayment program	-	446,326	446,326
Unsettled balances due to taxing bodies and others	-	5,446,987	5,446,987
Total liabilities and net position	\$ 1,683,455	\$ 5,993,876	\$ 7,677,331

See Independent Auditors' Report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Fiduciary Funds - Agency Funds
Combining Statement of Changes in Assets and Liabilities
for the Year Ended June 30, 2018

	Sheriff's Fund	Tax Collector Fund	Total
Balance, beginning of year	\$ 1,608,201	\$ 6,343,849	\$ 7,952,050
Additions			
Deposits			
Sheriff's sales	6,691,990	-	6,691,990
Bonds	5,033,631	-	5,033,631
Garnishments	807,507	-	807,507
Taxes, state revenue sharing, and fees paid to tax collector	-	247,864,273	247,864,273
Total additions	12,533,128	247,864,273	260,397,401
Reductions			
Taxes, state revenue sharing, and fees distributed to taxing bodies and others	-	248,214,246	248,214,246
Sheriff's General Fund	6,009,117	-	6,009,117
Litigants	4,407,855	-	4,407,855
District Attorney	1,005,818	-	1,005,818
Clerk of Court	649,307	-	649,307
Indigent Defender Board	25,083	-	25,083
Other settlements	360,694	-	360,694
Total reductions	12,457,874	248,214,246	260,672,120
Balance, end of year	\$ 1,683,455	\$ 5,993,876	\$ 7,677,331

See Independent Auditors' Report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

Tax Collector Agency Fund
Statement of Collections, Distributions and Unsettled Balances
for the Year Ended June 30, 2018

Unsettled balances due to taxing bodies and others, at beginning of year	\$ <u>6,343,849</u>
Collections	
Ad valorem taxes	238,967,034
State revenue sharing	4,717,228
Interest income on demand deposits	157,659
Refunds and redemptions	2,076,329
Collection fees	1,946,023
Total collections	<u>247,864,273</u>
Distributions	
Louisiana Tax Commission	84,445
Louisiana Department of Agriculture and Forestry	19,545
Caddo Parish	
Commission	45,360,910
School Board	127,714,485
Sheriff	23,858,025
Assessor	4,121,906
Sewerage districts	92,246
Fire protection districts	9,781,800
Hospital district	410,291
Levee district	196
Shreve Memorial Library	16,114,222
Clerk of Court	90,870
Red River Waterway Commission	4,077,005
Caddo/Bossier Port Commission	4,279,417
Archon Information Systems	1,778,963
Pension funds	6,806,533
Refunds and redemptions	3,624,028
Miscellaneous costs	(741)
Total distributions	<u>248,214,246</u>
Unsettled balances due to taxing bodies and others, at end of year	\$ <u><u>5,993,876</u></u>

See Independent Auditors' Report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

**Schedule of Compensation, Benefits,
and Other Payments to Agency Head
for the Year Ended June 30, 2018**

Agency Head Name: Steve Prator, Sheriff of Caddo Parish

Purpose	Amount
Salary	\$ 160,338
Benefits-insurance	\$ 13,269
Benefits-retirement	\$ 40,822
Deferred compensation	\$ 650
Conference travel	\$ 2,659

See Independent Auditors' Report.

CADDO PARISH SHERIFF
Shreveport, Louisiana

State of Louisiana, Parish of Caddo

AFFIDAVIT

Steve Prator, Sheriff of Caddo Parish

BEFORE ME, the undersigned authority, personally came and appeared, Steve Prator, the Sheriff of Caddo Parish, State of Louisiana, who after being duly sworn, deposed and said:

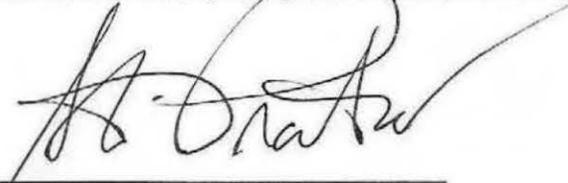
The Following information is true and correct:

The amount of cash on hand in the tax collector account on June 30, 2018, is \$5,993,876.

He further deposed and said:

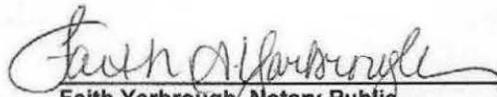
All itemized statements of the amount of taxes collected for the tax year 2017, by taxing authority, are true and correct.

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



Steve Prator, Sheriff of Caddo Parish

SWORN to and subscribed before me, Notary, this 20th day of December 2018, in my office in Shreveport, Louisiana.



Faith Yarbrough, Notary Public
Caddo Parish, Louisiana

FAITH A. YARBROUGH
NOTARY PUBLIC ID # 4242
CADDO PARISH, LOUISIANA
MY COMMISSION IS FOR LIFE



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INDEPENDENT AUDITORS' REPORT

The Honorable Steve Prator
Caddo Parish Sheriff
Shreveport, 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 Caddo Parish Sheriff as of and for the year ended June 30, 2018, and the related notes to 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, the auditors 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, which includes each fiduciary fund type of the Caddo Parish Sheriff, as of June 30,

2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 16 to the financial statements, the Sheriff adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$31,113,155) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the Sheriff's proportionate share of the net pension liability, the schedule of contributions to the Sheriffs' pension and relief fund, and the schedule of changes in Sheriff's proportionate share of net OPEB liability and related ratios, on pages 1 through 8 and 36 through 39 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Sheriff's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, which is listed in the table of contents under the supplementary information, is presented in accordance with Louisiana Revised Statutes (LRS) 24:513(A)(3), is on page 43. It is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Caddo 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 solely 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 Caddo Parish Sheriff's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2018



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**INDEPENDENT AUDITORS' 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**

The Honorable Steve Prator
Caddo Parish Sheriff
Shreveport, 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 and each major fund and the aggregate remaining fund information of the Caddo Parish Sheriff, as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the Caddo Parish Sheriff's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Caddo 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 Caddo Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caddo Parish Sheriff's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caddo Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 28, 2018

**CADDO PARISH SHERIFF
Shreveport, Louisiana**

**Schedule of Findings and Questioned Costs
June 30, 2018**

Section I - Summary of Auditors' Results

A. Financial Statement Audit

Type of auditor's report issued on the basic financial statements: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses? **No**

Noncompliance material to the basic financial statements noted? **No**

Was a management letter issued? **No**

B. Audit of Federal Awards

At June 30, 2018, the Caddo Parish Sheriff did not meet the requirements to have a single audit in accordance with *Uniform Guidance*; therefore, this section is not applicable.

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Current Year Findings and Responses

None

Prior Year Findings and Responses

None

Section III – Federal Award Findings and Responses

Current Year Findings and Responses

N/A

Prior Year Findings and Responses

N/A

**Caddo Parish Sheriff's Office
Shreveport, Louisiana**

AGREED-UPON PROCEDURES REPORT

June 30, 2018



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CPAs and Advisors

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Caddo Parish Sheriff Steve Prator and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Caddo Parish Sheriff's Office ("CPSO") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 2 (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The CPSO's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: The budgeting policy did not address the monitoring of the budget. No other exceptions were found.
 - 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.
Results: The purchasing policy did not address how vendors are added to the vendor list. Also, the policy did not address controls to ensure compliance with public bid law. No other exceptions were found.

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

Results: There was no separately written internal policy for Disbursements; however, the processing, reviewing and approving of disbursements were included in the entity's "Accounting System Policy".

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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.)

Results: There was no separately written internal policy for Receipts; however, the receiving and recording of receipts and the preparing of deposits were included in the entity's "Accounting System Policy". The policy did not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

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

Results: There was no separately written internal policy for Payroll; however, the reviewing and approving time and attendance records, including leave and overtime worked was included in the entity's "Accounting System Policy". The Accounting System Policy did not address the processing of payroll.

- 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.

Results: There was no separately written internal policy for Contracting; however the approval process was included in the purchasing policy. There was no policy to address the standard terms and conditions, types of services requiring written contracts, legal review, or monitoring process.

- 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 of statements, and (5) monitoring card usage.

Results: There was no separately written internal policy for Credit Cards. The entity's Code of Conduct policy addressed fuel cards and how they are to be controlled and used. However, credit cards are used in addition to fuel cards and there was no policy addressing the appropriate items.

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

Results: No exceptions were found as a result of applying the procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The Ethics/Code of Conduct policy did not include the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, the actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Results: There was no separately written internal policy for Debt Service.

Bank Reconciliations

2. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

Results: There was one instance of a bank reconciliation not including evidence of when it was prepared. No other exceptions were found.

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

Results: There was one instance of a bank reconciliation not including evidence of being reviewed. No other exceptions were found.

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

Results: There was one instance of reconciling items being more than 12 months old. These items were researched by management in April 2018. No other exceptions were found.

Collections

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

Results: Management provided a list of deposit sites and represented that it was complete. From this list, 5 deposit sites were randomly selected.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: In the Courthouse Tax location, a cash collector is responsible for preparing/making bank deposits. In the Inmate Personal and Work Release locations at the Caddo Correctional Center, the cash collectors are responsible for preparing/making bank deposits. In the Courthouse Civil location, three of the four cash collectors are responsible for preparing/making bank deposits.

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

Results: In the Courthouse Tax location, the cash collector is responsible for posting collection entries to the general ledger. No other exceptions were found.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

6. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:

Results: No exceptions were found as a result of applying the procedure.

- a) Observed that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: Management provided a list of locations that process payments representing that it was complete. From this list, 5 locations were randomly selected.

8. For each location selected under #7 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the entity has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: We found, in two of the five locations subject to this procedure, the person responsible for processing disbursements was not prohibited from adding/modifying vendor files.

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

Results: No exceptions were found as a result of applying the procedure.

9. For each location selected under #7 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:

Results: Management provided a list of non-payroll disbursement transactions (excluding cards and travel reimbursements) and represented that it was complete.

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

Results: There was one instance of a disbursement that did not include supporting documentation. No other exceptions were found.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: There was one instance of a disbursement that did not include supporting documentation. No other exceptions were found.

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

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

Results: Management provided a list of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and represented that it was complete.

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

Results: From management's list, 5 cards were randomly selected. March 2018 was the randomly selected month.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: There were less than 10 transactions on each statement; therefore all 7 transactions were tested. No exceptions were found as a result of applying the procedure.

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
December 28, 2018



SHERIFF STEVE PRATOR

SHERIFFS OF
CADDO PARISH

ALEXANDER BOYD STERRETT
1838-1840
MATTHEW WATSON
1840-1857
THOMAS R. SIMPSON
1857-1858
1865-1868
HENRY JOHN GREY BATTLE
1859-1860
NATHAN HASS
1860-1862
ISRAEL W. PICKENS
1862-1865
JOHN J. HOPE
1868
JOHN J. O'CONNOR
1868-1869
MICHAEL A. WALSH
1869-1875
JAMES W. WILSON
1875-1876
WILLIAM HEFFNER
1876-1877
ALONZO FLOURNOY
1877-1878
J.D. CAWTHONE
1879
JOHN LAKE
1879-1892
JOHN S. YOUNG
1892-1900
SAMUEL J. WARD
1900-1906
J.P. "PAT" FLOURNOY
1906-1916
THOMAS ROLAND HUGHES
1916-1940
J. HOWELL FLOURNOY
1940-1966
JAMES M. GOSLIN
1966-1976
HAROLD TERRY
1976-1980
DONALD E. HATHAWAY
1980-2000
STEVE PRATOR
2000-

December 28, 2018

Louisiana Legislative Auditor
1600 North 2nd Street
P. O. Box 94397
Baton Rouge, LA 70804

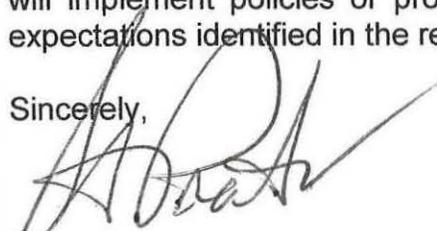
and

Carr, Riggs, & Ingram, LLC
1000 East Preston Avenue, Suite 200
Shreveport, LA 71105

RE: Management's Response to Agreed-Up Procedures

Management of the Caddo Parish Sheriff has reviewed the Independent Accountants' Report on Applying Agreed-Up Procedures. The Caddo Parish Sheriff is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, management will implement policies or procedures where necessary to meet the expectations identified in the report.

Sincerely,


Steve Prator
Sheriff