
**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017**



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT

A Professional Accounting Corporation

Honorable Victor Jones, Sheriff
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office (the Sheriff), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office, as of June 30, 2017, 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.



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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 schedule, the schedules of funding progress and employer contributions for other post-employment benefit plan, the schedule of proportionate share of the net pension liability, and the schedule of employer's contributions on pages 3 to 7, 37, 38, 39, and 40, respectively, 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 Sheriff's basic financial statements. The Sheriff's sworn statement, the schedule of compensation, benefits and other payments to the Sheriff and the schedule of ad valorem taxes assessed and uncollected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sheriff's sworn statement, the schedule of compensation, benefits, and other payments to the Sheriff, and the schedule of ad valorem taxes assessed and uncollected are the responsibility of management and were derived from and relate 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, based on our audit and the procedures described above, the Sheriff's sworn statement, the schedule of compensation, benefits, and other payments to the Sheriff, and the schedule of ad valorem taxes assessed and uncollected are 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 a report dated December 30, 2017, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 30, 2017

NATCHITOCHES PARISH SHERIFF'S OFFICE
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

This section of the Natchitoches Parish Sheriff's Office (the Sheriff) annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year information (where available).

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position decreased approximately \$1.2 million or 34% over the course of this year's operations.
- Expenses for the year were \$18.2 million, an increase of \$640,000 or 3.6% as compared to the prior year.
- During the year, the Sheriff's General Fund expenditures were \$1.6 million more than the \$16.5 million generated in ad valorem taxes, charges for services and operating grants for governmental programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the financial statements, required supplementary information, and other supplemental information. The financial statements include two kinds of statements that present different views of the Sheriff:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Sheriff's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Sheriff's government, reporting the Sheriff's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as an agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Sheriff's net position and how they have changed. Net position—the difference between the Sheriff's assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the Sheriff's financial health, or position.

- Over time, increases or decreases in the Sheriff's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sheriff, nonfinancial factors need to be considered, such as changes in the Sheriff's property tax base and growth of Natchitoches Parish.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as police, tax collection, general administration and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities. The operations of the Detention Center are included here, and the Sheriff charges fees to cover all or the majority of the cost of certain services provided. The Sheriff charges Natchitoches Parish and other governments to house prisoners.

Fund Financial Statements

The fund financial statements provide more detailed information about the Sheriff's most significant funds—not the Sheriff as a whole. Funds are accounting devices that the Sheriff uses to keep track of specific sources of funding and spending for particular purposes.

The Sheriff has two kinds of funds:

- Governmental funds—Most of the Sheriff's basic services are included in the governmental fund, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Sheriff's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The Sheriff has one governmental fund – the General Fund.
- Fiduciary funds—Funds which are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, and litigants in suits, in the manner prescribed by law. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. We exclude these activities from the Sheriff's government-wide financial statements because the Sheriff cannot use these assets to finance its operations.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net Position. The Sheriff's net position is comprised of the following assets plus deferred outflows less liabilities plus deferred inflows.

Statement of Net Position
As of Year End

	Governmental Activities	
	2017	2016*
Current and other assets	\$ 8,147,207	\$ 9,547,519
Capital assets, net	3,755,241	3,659,503
Total assets	11,902,448	13,207,022
Deferred outflows of resources	3,844,058	1,504,007
Other liabilities	764,769	605,233
Other post employment benefits payable	2,816,166	2,408,045
Long-term debt	1,780,000	2,030,000
Net pension liability	7,222,709	4,887,512
Total liabilities	12,583,644	9,930,790
Deferred inflows of resources	791,135	1,175,590
Net Position		
Net investment in capital assets	1,975,241	1,629,503
Restricted	123,282	192,115
Unrestricted	273,204	1,783,034
Total net position	\$ 2,371,727	\$ 3,604,652

* Note that 2016 includes the accounts of the Detention Center, which was previously reported as a Business-type Activity. Refer to note disclosure 14 for prior period adjustment calculation.

The total net position of the Sheriff decreased by \$1.2 million or 34%.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Changes in net position. Governmental activities net position decreased approximately \$1.2 million in the current year.

Statement of Activities
For the Year Ended

	Governmental Activities	
	2017	2016*
General revenues	\$ 9,799,275	\$ 9,691,255
Program Revenues		
Fees, charges and commissions for services	5,702,115	5,478,294
Operating grants and contributions	1,486,583	1,635,248
Total	16,987,973	16,804,797
General government Expenses	(18,220,898)	(17,581,197)
Transfers	-	-
Change in net position	\$ (1,232,925)	\$ (776,400)

* Note that 2016 includes the accounts of the Detention Center, which was previously reported as a Business-type Activity. Refer to note disclosure 14 for prior period adjustment calculation.

The Sheriff's total revenues decreased by approximately \$183,000 or 1.1%. The total cost of all programs and services increased by approximately \$640,000 or 3.6%, which is primarily due to increases in group health and life insurance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Sheriff had invested in capital assets \$3,755,241, net of depreciation, in governmental activities (see table below). Fixed assets increase due to acquisitions of \$838,000 reduced by depreciation of \$742,000.

Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 150,889	\$ 150,889
Buildings and improvements	2,138,205	2,070,192
Automobiles	915,755	756,446
Equipment, furniture and fixtures	550,392	681,976
Total	\$ 3,755,241	\$ 3,659,503

* Note that 2016 includes the accounts of the Detention Center, which was previously reported as a Business-type Activity. Refer to note disclosure 14 for prior period adjustment calculation.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Liabilities

The Sheriff's long-term liabilities consist of its other post-employment benefit obligation, revenue bonds and net pension liability. The Sheriff had \$2,816,166 in other post-employment benefit obligations at year end compared to \$2,408,045 in prior year, an increase of approximately \$408,000 or 16.9%. Debt associated with revenue bonds 2008 was \$1,780,000 at year end compared to \$2,030,000 in prior year, a decrease of \$250,000 which are the regularly scheduled principal payments. The Sheriff had \$7,222,709 in net pension liabilities at year end compared to \$4,887,512 in prior year, an increase of approximately \$2.3 million or 47.8%. This was primarily due to an increase in pension liability at the pension system level.

Long-Term Liabilities at Year End

	Governmental Activities	
	2017	2016*
Other post-employment benefit obligation	\$ 2,816,166	\$ 2,408,045
Revenue bonds - 2008	1,780,000	2,030,000
Net pension liability	7,222,709	4,887,512
Total	\$ 11,818,875	\$ 9,325,557

* Note that 2016 includes the accounts of the Detention Center, which was previously reported as a Business-type Activity. Refer to note disclosure 14 for prior period adjustment calculation.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues and other financing sources were \$605,165 more than budgeted amounts primarily due to reimbursements obtained from the Natchitoches Parish Government due to the influx of prisoners during the year.

Actual expenditures and other financing uses were \$1.7 million more than budgeted amounts predominately due to an increase of inmates during the current year for the detention center.

The budget was amended in anticipation of bringing the Detention Center into the General Fund. The inclusion of the Detention Center in the General fund caused total budgeted revenues and total budgeted expenditures to increase significantly. The budget was amended through an approximate \$4 million increase in revenues. In addition, expenses increased in the amended final budget by approximately \$5 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Sheriff is dependent on tax revenue which makes up approximately 53.4% of total revenues. The economy is not expected to generate any significant growth and these tax revenues are not expected to significantly increase. Budgeted expenditures for 2018 are expected to be consistent with 2017.

CONTACTING THE SHERIFF'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Sheriff's finances and to show the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Victor Jones, Sheriff, P.O. Box 266, Natchitoches, Louisiana 71458.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 3,564,034
Investments	3,186,644
Receivables	1,177,272
Prepaid expenses	95,192
Total current assets	<u>8,023,142</u>
<u>NONCURRENT ASSETS</u>	
Restricted cash	124,065
Capital assets, net	<u>3,755,241</u>
Total assets	<u>11,902,448</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to pension liability	<u>3,844,058</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Current portion of long-term debt	265,000
Accounts payable and accruals	764,769
Total current liabilities	<u>1,029,769</u>
<u>NONCURRENT LIABILITIES</u>	
Long term debt, net of current portion	1,515,000
Other post-employment benefit	2,816,166
Net pension liability	<u>7,222,709</u>
Total liabilities	<u>12,583,644</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to pension liability	<u>791,135</u>
<u>NET POSITION</u>	
Investment in capital assets, net	1,975,241
Restricted	
Inmate trust accounts	123,282
Unrestricted	273,204
Total net position	<u><u>\$ 2,371,727</u></u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE

NATCHTOCHES, LOUISIANA

STATEMENT OF ACTIVITIES

JUNE 30, 2017

Governmental Activities	Program Revenues			Governmental Activities
	Expenses	Operating Charges for Services	Grants and Contributions	
Public Safety	<u>\$ 18,220,898</u>	<u>\$ 5,702,115</u>	<u>\$ 1,486,583</u>	<u>\$ (11,032,200)</u>

General revenues:

Taxes	9,065,599
Interest and investment	(91,852)
Grants and contributions not restricted	442,058
Miscellaneous	383,470
Total general revenues	<u>9,799,275</u>

Change in net position (1,232,925)

Net position, beginning of year (restated) 3,604,652

Net position, end of year \$ 2,371,727

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2017

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,564,034
Cash - restricted	124,065
Investments	3,186,644
Accounts receivable	1,177,272
Prepaid expenses	95,192
TOTAL ASSETS	<u>\$ 8,147,207</u>
<u>LIABILITIES</u>	
Accounts payable and accruals	\$ 764,769
TOTAL LIABILITIES	<u>764,769</u>
<u>FUND BALANCE</u>	
Nonspendable	95,192
Unassigned	7,287,246
TOTAL FUND BALANCE	<u>7,382,438</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,147,207</u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance - Governmental Fund \$ 7,382,438

Amounts reported in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the fund assets. This is the amount of capital assets, net of accumulated depreciation, in the current period

Cost of capital assets at June 30, 2017	12,787,783	
Less: Accumulated Depreciation as of June 30, 2017	<u>(9,032,542)</u>	3,755,241

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities. These liabilities consist of the following:

Revenue bonds	(1,780,000)	
Net post-employment benefit obligation	(2,816,166)	
Net pension liability	<u>(7,222,709)</u>	(11,818,875)

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. These deferrals reported on the Statement of Net Position consist of :

Deferred outflow of resources - related to net pension liability	3,844,058	
Deferred inflow of resources - related to net pension liability	<u>(791,135)</u>	<u>3,052,923</u>

Total net position - Governmental Activities \$ 2,371,727

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPE
YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 9,065,599
Intergovernmental revenues	1,486,583
Fees, charges and commissions for services	1,662,864
Interest and investment income	(91,852)
Charges for Services	3,293,757
Inmate fees and commissions	343,516
Work release revenues	401,978
Other	383,470
Total Revenues	<u>16,545,915</u>
<u>EXPENDITURES</u>	
Public safety	
Personnel services and related benefits	12,394,699
Operating services	2,223,277
Material and supplies	1,090,270
Travel	80,278
Professional services	266,517
Food - Detention Center	680,239
Debt service	337,405
Work release	172,460
Other	22,792
Capital outlay	837,832
Total Expenditures	<u>18,105,769</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,559,854)
<u>OTHER FINANCING SOURCES (USES)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,559,854)
FUND BALANCE AT BEGINNING OF YEAR (Restated)	<u>8,942,292</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,382,438</u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balance - Governmental Fund \$ (1,559,854)

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital outlay included in expenditures	837,832	
Depreciation expense for the year	<u>(742,094)</u>	95,738

Governmental funds report debt service payments as expenditures. However, in the statement of activities the debt service payments are reported as a reduction of long-term liabilities.

250,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:

Net post-employment benefits earned by participants in excess of contributions made by the employer	(408,121)	
Net effects of changes in net pension liability and deferred inflows and outflows	<u>389,312</u>	<u>(18,809)</u>

Total Changes in Net Position for year ended June 30, 2017 \$ (1,232,925)

The accompanying notes are an integral part of these statements.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Civil Fund</u>	<u>Tax Collector</u>	<u>Bond Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 13,643	\$ 16,616	\$ 304,226	\$ 334,485
Total Assets	<u>\$ 13,643</u>	<u>\$ 16,616</u>	<u>\$ 304,226</u>	<u>\$ 334,485</u>
LIABILITIES				
Due to others	\$ 13,643	\$ 16,616	\$ 304,226	\$ 334,485
Total Liabilities	<u>\$ 13,643</u>	<u>\$ 16,616</u>	<u>\$ 304,226</u>	<u>\$ 334,485</u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, 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, et cetera. 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 taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the district court.

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The accompanying financial statements of the Natchitoches Parish Sheriff's Office have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):

The statement of net position and the statement of activities display information about the primary government (the Sheriff). These statements include the financial activities of the overall government, except for fiduciary activities, displayed for governmental activities.

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function 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 function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

A. **BASIS OF PRESENTATION, BASIS OF ACCOUNTING** (continued)

FUND FINANCIAL STATEMENTS (FFS):

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category- governmental and fiduciary- are presented. The emphasis of fund financial statements is on major 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's office and accounts for the operations of the sheriff's office. The sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include sales tax, commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund. Included in the General Fund is the Detention Center.

The Sheriff reports the following fiduciary types:

Agency Funds

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

B. **REPORTING ENTITY**

The Sheriff is considered a primary government, since it is a special purpose government; the Sheriff is elected, is legally separate, and is fiscally independent of other state or local governments. The Sheriff has no component units, defined by GASB Statement 61 as other legally separate organizations for which the Sheriff is financially accountable. There are no other primary governments with which the Sheriff has a significant relationship.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The Governmental Wide Financial Statements (GWFS) and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2017, was made available for public inspection and comments from taxpayers at the sheriff's office during June 2016. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing, which was held at the sheriff's office, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying required supplemental information include the original adopted budget and all subsequent amendments.

E. INTERFUND ACTIVITY

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute and the Sheriff's investment policy which allows for investment in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, and investment grade commercial paper of domestic United States corporations and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

H. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncertainty associated with collectability of the particular receivable. At June 30, 2017, none of the Governmental Activities receivables were considered to be uncollectible.

I. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivable/payables.

J. CAPITAL ASSETS

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Sheriff is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements and 5 to 10 years for movable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. COMPENSATED ABSENCES

Employees of the Natchitoches Parish Sheriff's Office that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carryover or accumulate from one fiscal year to the next, and there are no vesting privileges. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

L. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions. To handle such risk of loss, the Sheriff maintains commercial insurance policies, workers' compensation insurance, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 2017.

M. ESTIMATES

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

N. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

O. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

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

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND EQUITY OF FUND FINANCIAL STATEMENTS (continued)

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

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

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

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

P. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Interfund transactions are reported as transfers.

Q. SALES TAXES

The Sheriff collects a one-half percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used to meet the increased costs and expenses for critical operations of the Sheriff's Office. The tax, approved by the voters on July 15, 2006, was effective October 1, 2006 and is for a period of 10 years. The tax renewal was approved by the voters and extends in perpetuity.

R. PENSION PLAN

The Natchitoches Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 8. 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 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 have been reported at fair value within the Plan.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

2. LEVIED TAXES

The Natchitoches Parish Sheriff's Office levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2017:

	<u>Levied Millage</u>	<u>Authorized Millage</u>	<u>Expiration Date</u>
Law enforcement	7.990	8.180	statutory/no expiration
Law enforcement	9.720	9.960	vote-approved/no expiration

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Natchitoches Parish Sheriff's Office may deposit funds within a fiscal agent bank and may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, and obligations of the State of Louisiana and its municipalities.

The carrying amount of the Sheriff's deposits with financial institutions was \$4,022,584 and the bank balance was \$4,379,910 at June 30, 2017. Deposits with financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk; however, the state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. All deposits are properly secured as of June 30, 2017.

Investments

The Natchitoches Parish Sheriff's Office maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in obligations of the U S. Treasury and U. S. Agencies, certificates of deposit and commercial paper of domestic United States corporations and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

As of June 30, 2017, the Sheriff's investment balances were as follows:

GNMA Re-investment Trusts	\$ 155,625
Federal Agency Obligations	2,866,704
Certificates of Deposit	<u>164,315</u>
Total	<u>\$ 3,186,644</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Accrued interest of \$9,157 is included in the receivables per the statement of net position.

Interest Rate Risk

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.

As of June 30, 2017, the Sheriff had the following investment types and maturities for investments subject to interest rate risk:

	Fair Value	Less than 1 year	1 - 5 years	6 - 10 years	11 - 15 years	16 - 20 years
GNMA Reinvestment Trusts	\$ 155,625	\$ 155,625	\$ -	\$ -	\$ -	\$ -
Federal Agency Obligations	2,866,704	-	98,670	874,523	1,893,511	-
Certificates of Deposit	164,315	-	130,912	-	-	33,403
Total	\$ 3,186,644	\$ 155,625	\$ 229,582	\$ 874,523	\$ 1,893,511	\$ 33,403

Credit Risk

As of June 30, 2017, the Sheriff's investment in Federal Agency Obligations was rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. The certificate of deposits and the GNMA Re-investment Trusts are unrated.

Fair Value

The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other than quoted prices included in level 1, that are observable for an asset or liability, either directly or indirectly and Level 3 inputs are significant unobservable inputs.

The Sheriff has the following recurring fair value measurements as of June 30, 2017:

- Federal agency obligation securities are valued using a matrix pricing technique based on the securities' relationship to benchmark quoted prices (Level 2 inputs)
- Certificates of deposit are time deposits with a bank. They bear a specific maturity in excess of 90 days. Valuation is determined using a market value pricing model (Level 2 inputs)

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

The Sheriff's measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal agency obligation	\$ -	\$ 2,866,704	\$ -	\$ 2,866,704
Certificates of deposit	-	164,315	-	164,315
Total investments excluding investments valued at NAV	<u>\$ -</u>	<u>\$ 3,031,019</u>	<u>\$ -</u>	3,031,019
GNMA Re-investment (a)				<u>155,625</u>
Total investments				<u>\$ 3,186,644</u>

(a) GNMA re-investment trust securities are valued using Net Asset Value (NAV) have not been classified in the fair value hierarchy. This security is a pooled investment vehicle that seeks monthly distributions of interest through long term investments in a portfolio of Ginnie Maes. Interest in these securities may be liquidated on a daily basis at the daily redemption rate (NAV).

Concentration of Credit Risk

The Sheriff had investments in three organizations for which the total amount invested represented five percent or more of the Sheriff's investments, listed as follows:

<u>Agency</u>	<u>Invested at June 30, 2017</u>	<u>Percent of Total</u>
Federal Home Loan Mortgage Corporation	\$ 869,816	11%
Federal National Mortgage Association	496,196	42%
Federal Home Loan Bank	1,500,692	29%
Other Federal Agency Securities	319,940	7%
	<u>\$ 3,186,644</u>	

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Sheriff has custodial credit risk exposure for the investment balance because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. The Sheriff does not have an investment policy for custodial credit risk; however, the state law is designed to limit this risk.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

4. CHANGES IN FIDUCIARY NET POSITION

A summary of changes in fiduciary net position due to taxing bodies and others follows:

	<u>Balance at beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at end of year</u>
Agency funds:				
Civil fund	\$ 13,719	\$ 827,814	\$ 827,890	\$ 13,643
Tax Collector fund	26,245	29,754,688	29,764,317	16,616
Bond fund	384,264	884,209	964,247	304,226
Total	<u>\$ 424,228</u>	<u>\$ 31,466,711</u>	<u>\$ 31,556,454</u>	<u>\$ 334,485</u>

5. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2017:

	<u>Governmental Activities</u>
Taxes	\$ 854,595
Fees, charges and commissions for services	179,290
Intergovernmental revenues	125,338
Other	18,049
Total	<u>\$ 1,177,272</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

6. CAPITAL ASSETS

A summary of the Natchitoches Parish Sheriff's capital assets at June 30, 2017 follows:

Governmental activities:	<u>Balance as of June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance as of June 30, 2017</u>
Cost of capital assets				
Land	\$ 150,889	\$ -	\$ -	\$ 150,889
Building and building improvements	6,509,391	241,588	-	6,750,979
Automobiles	3,259,784	485,140	(113,513)	3,631,411
Equipment, furniture and fixtures	2,143,400	111,104	-	2,254,504
Total cost of capital assets	<u>12,063,464</u>	<u>837,832</u>	<u>(113,513)</u>	<u>12,787,783</u>
Accumulated depreciation				
Building and building improvements	4,439,199	173,575	-	4,612,774
Automobiles	2,503,338	325,831	(113,513)	2,715,656
Equipment, furniture and fixtures	1,461,424	242,688	-	1,704,112
Total accumulated depreciation	<u>8,403,961</u>	<u>742,094</u>	<u>(113,513)</u>	<u>9,032,542</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 3,659,503</u>	<u>\$ 95,738</u>	<u>\$ -</u>	<u>\$ 3,755,241</u>

For the year ended June 30, 2017, governmental activities recorded a gain on disposal of assets of \$10,350 and depreciation expense of \$742,094.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

7. LONG-TERM DEBT

The following is a summary of the long-term debt obligations of the Natchitoches Parish Sheriff for the year ended June 30, 2017:

Governmental Activities	Balance			Balance
	June 30, 2016	Additions	Deletions	June 30, 2017
Revenue bonds - 2008	\$ 2,030,000	\$ -	\$ (250,000)	\$ 1,780,000
Total	\$ 2,030,000	\$ -	\$ (250,000)	\$ 1,780,000

The terms of the individual debt issues of the Detention Center are as follows:

	Interest Rates	Maturity Date	Amount Issued	Outstanding
Revenue bonds - 2008	4.49%	3/1/2023	\$ 3,500,000	\$ 1,780,000
Total			\$ 3,500,000	\$ 1,780,000

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

Year ended June 30,	Principal Payments	Interest Payments	Total
2018	265,000	79,922	\$ 344,922
2019	275,000	68,024	343,024
2020	290,000	55,676	345,676
2021	305,000	42,654	347,654
2022	315,000	28,960	343,960
2023	330,000	14,817	344,817
Total	\$ 1,780,000	\$ 290,053	\$ 2,070,053

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN

The Sheriff is a participating employer in the Sheriffs' Pension and Relief Fund (Fund or System), which is a cost-sharing defined benefit pension plan. The Fund is a public corporation created in accordance with the provision of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana, employees of Louisiana Sheriffs' Association (LSA) and Sheriffs' Pension and Relief Fund's office. The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

Plan Description

Sheriffs' Pension and Relief Fund is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees of sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriff's Association and the Sheriff's Pension and Relief Fund's office as defined in LRS 11:2171. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:2178.

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.

Funding Policy

Contributions for all members are established each year by the Board of Trustees. The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. Contributions are deducted from the member's salary and remitted monthly by the participating employer.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11.103. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in R.S. 22:1419.

The Sheriff's contributions to the System, for the years ending June 30, 2017, 2016, and 2015, were \$1,109,874, \$1,054,348 and \$1,035,937, respectively. The Contribution rates in effect for the year ended June 30, 2017, for the Sheriff and employees were 13.25% and 10.25%, respectively.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN (continued)

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

At June 30, 2017, the Sheriff reported a liability of \$7,222,709 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement date of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on the Sheriff's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2016, the Sheriff's proportion was 1.1380%, which was an increase of 0.0415% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$1,162,905 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (757,583)
Changes of assumptions	590,073	-
Net difference between projected and actual earnings on pension plan investments	1,808,929	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	329,365	(20,296)
Contribution in excess/deficiency	5,817	(13,256)
Employer contributions subsequent to the measurement date	<u>1,109,874</u>	<u>-</u>
Total	<u>\$ 3,844,058</u>	<u>\$ (791,135)</u>

The Sheriff reported a total of \$1,109,874 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN (continued)

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

<u>Year</u>	
2017	\$ 254,506
2018	254,506
2019	781,409
2020	564,844
2021	43,889
2022	<u>43,895</u>
	<u>\$ 1,943,049</u>

Actuarial Assumptions

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.60%, net of investment expense
Projected Salary Increases	5.5% (2.875% inflation, 2.625% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries
	RP-2000 Disabled Lives Mortality Table
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Changes in Valuation Methods and Assumptions	The discount rate lowered from 7.6% to 7.5% for the year ended June 30, 2016.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN (continued)

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 and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Securities	60%	3.90%
Bonds	25%	0.50%
Alternative Investments	15%	0.60%
Total	100%	5.00%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.70%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.50%	7.50%	8.50%
Sheriff Share of Net Pension Liability	\$ 12,254,063	\$ 7,222,709	\$ 3,069,924

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The Natchitoches Parish Sheriff's Office's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree only (not dependents). The employer also pays for life insurance coverage after retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) age is 55 but retirees must have 15 years of service with Natchitoches Parish Sheriff's Office to obtain medical coverage paid by the employer.

Life insurance coverage is continued to retirees by election. The employer pays for life insurance after retirement for retirees who so elect but it is based on the blended active/retired rate and there is thus an implied subsidy. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. Based on past experience, we have assumed that 5% of future retirees will decline life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

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

Fund Policy – Until 2009, the Natchitoches Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Natchitoches Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Natchitoches Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$248,724 and \$230,300, respectively. Effective July 1, 2009, the Natchitoches Parish Sheriff implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). These funding cost were applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The Natchitoches Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017
Normal cost	\$ 247,388
30-year UAL amortization amount	452,394
Annual required contribution (ARC)	<u>\$ 699,782</u>

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Net Post-employment Benefit Obligation (Asset) – The table below shows the Natchitoches Parish Sheriff's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	2017
Beginning Net OPEB Obligation	\$ 2,408,045
Annual required contribution	699,782
Interest on Net OPEB Obligation	96,322
ARC Adjustment	<u>(139,258)</u>
OPEB Cost	656,846
Contribution to Irrevocable Trust	-
Current year retiree premium	<u>(248,725)</u>
Change in Net OPEB Obligation	<u>408,121</u>
Ending Net OPEB Obligation	<u>\$ 2,816,166</u>

The following table shows the Natchitoches Parish Sheriff's annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 656,846	37.87%	\$ 2,816,166
June 30, 2016	\$ 637,188	36.14%	\$ 2,408,043

Funded Status and Funding Progress – In 2017 and 2016, the Natchitoches Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$8,135,731 which is defined as that portion, as determined by a particular actuarial cost method (the Natchitoches Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2017
Actuarial Accrued Liability (AAL)	\$ 8,135,731
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 8,135,731</u>
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$ 8,139,532
UAAL as a percentage of covered payroll	99.95%

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Natchitoches Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Natchitoches Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Natchitoches Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 15%.

Post employment Benefit Plan Eligibility Requirements – We have assumed that actual retirement (and commencement of OPEB benefits) occurs at eight years after the earliest retirement (D.R.O.P. entry) eligibility described above in the section entitled "Plan Description". The eight years consists of five years of D.R.O.P. and three additional years. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS (continued)

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility, so we have estimated the "unblended" rates for retirees before Medicare as 130% of the blended rate, as required by GASB Codification Section P50 for valuation purposes. Based on historical patterns, we have assumed that 16% of retirees decline medical coverage upon retirement.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

10. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47: 1576 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 a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. There were no ad valorem taxes paid under protest at June 30, 2017.

11. LITIGATION

The Natchitoches Parish Sheriff is a defendant in various litigation as of the close of business on June 30, 2017. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

12. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which supersedes accounting standards that currently exist regarding these retiree benefits. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Sheriff does not currently have a trust to offset this liability. The standard is effective for annual reporting periods beginning after June 15, 2017. The School Board expects that this new standard will have a material negative effect on its net position and a material increase to the post-employment benefit liability for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

13. TAX ABATEMENT

The Sheriff is subject to certain tax abatement agreements with individuals and businesses through one program – the Industrial Tax Exemption Program (“ITEP”). ITEP is authorized under Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73. The Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees, with the approval of the governor, may enter into contracts for the exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment. Companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. Ad valorem taxes applicable to the Sheriff that were abated under ITEP totaled approximately \$542,000, for the fiscal year ended June 30, 2017.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
 NATCHITOCHEES, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

14. PRIOR PERIOD ADJUSTMENT

The Sheriff operates the Natchitoches Parish Detention Center (Detention Center). In the year ended June 30, 2016, the Sheriff presented the Detention Center as business type activity and proprietary fund, because the activities were financed in part by fees to house prisoners. The operations of the Detention Center are dependent on the general fund administratively and financially. Considering the Sheriff's government purpose and the Detention Center's dependence on the general fund, management has determined that it is more appropriate to include the operations of the Detention Center in Governmental Activities and the General Fund beginning July 1, 2016. As such, the effect on the Governmental Activities beginning net position and the General Fund beginning fund balance is as follows:

	Governmental Activities
Net position, beginning of year, as previously stated	\$ 5,679,549
Previously reported deficit net position of the Detention Center	<u>(2,074,897)</u>
Net position, beginning of year, as restated	<u>\$ 3,604,652</u>
	General Fund
Fund balance, beginning of year, as previously stated	\$ 8,213,511
Previously reported deficit net position of the Detention Center adjusted for long-term assets, deferred outflows, long-term liabilities, and deferred inflows not included in governmental funds	<u>728,781</u>
Fund balance, beginning of year, as restated	<u>\$ 8,942,292</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART II

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	<u>Original Budget*</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Taxes	\$ 9,000,000	\$ 8,925,000	\$ 9,065,599
Intergovernmental revenue	1,303,000	1,368,500	1,486,583
Fees, charges, and commissions for services	612,500	5,377,600	4,956,621
Interest and investment income	140,000	125,000	(91,852)
Other	837,000	144,650	1,128,964
Total Revenues	<u>11,892,500</u>	<u>15,940,750</u>	<u>16,545,915</u>
<u>EXPENDITURES</u>			
General Government			
Personnel services and related benefits	9,420,778	12,745,778	12,394,699
Operating services	1,126,500	1,429,500	2,223,277
Material and supplies	560,000	1,256,000	1,090,270
Travel	60,000	95,000	80,278
Professional services	-	300,000	266,517
Food - Detention Center	-	-	680,239
Debt service	-	-	337,405
Work release	-	-	172,460
Other	-	-	22,792
Capital outlay	215,000	581,500	837,832
Total Expenditures	<u>11,382,278</u>	<u>16,407,778</u>	<u>18,105,769</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	510,222	(467,028)	(1,559,854)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,500,000	-	-
Transfers out	(1,800,000)	-	-
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	210,222	(467,028)	(1,559,854)
FUND BALANCE AT BEGINNING OF YEAR (RESTATED)	<u>8,815,731</u>	<u>8,972,676</u>	<u>8,942,292</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,025,953</u>	<u>\$ 8,505,648</u>	<u>\$ 7,382,438</u>

*The original budget published in June did not include the Detention Center budget which was previously reported as a proprietary fund.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2017

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a Percentage of Covered Payroll</u>
6/30/2015	7/1/2014	-	\$ 7,521,940	\$ 7,521,940	0.0%	\$ 7,232,793	104.0%
6/30/2016	7/1/2014	-	\$ 7,822,818	\$ 7,822,818	0.0%	\$ 7,880,312	99.3%
6/30/2017	7/1/2014	-	\$ 8,135,731	\$ 8,135,731	0.0%	\$ 8,139,532	100.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>(a) Annual OPEB Cost</u>	<u>(b) Annual Contributed</u>	<u>(b/a) Percentage of Annual OPEB Costs Contributed</u>	<u>(a-b) Increase (Decrease) to Net OPEB Obligation</u>	<u>(PY + (a-b)) Net OPEB Obligation</u>
6/30/2015	\$ 618,534	\$ 213,241	34.48%	\$ 405,293	\$ 2,001,157
6/30/2016	\$ 637,188	\$ 230,300	36.14%	\$ 406,888	\$ 2,408,045
6/30/2017	\$ 656,846	\$ 248,725	37.87%	\$ 408,121	\$ 2,816,166

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SHERIFF'S PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2017 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Sheriff's Pension and Relief Fund						
	2017	1.1380%	\$ 7,222,709	\$ 7,667,983	94.1931%	82.10%
	2016	1.0965%	4,887,512	7,269,719	67.2311%	86.61%
	2015	1.0605%	4,199,697	6,906,494	60.8079%	87.34%

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

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

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Pension Plan</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Sheriffs' Pension and Relief Fund						
	2017	\$ 1,109,874	\$ 1,109,874	\$ -	\$ 8,033,613	13.82%
	2016	1,054,348	1,054,348	-	7,667,983	13.75%
	2015	1,035,937	1,035,937	-	7,269,719	14.25%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the Sheriffs' Pension and Relief Fund*

³ *Employer's covered employee payroll amount for the fiscal year ended June 30*

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF NATCHITOCHE

AFFIDAVIT

VICTOR JONES, SHERIFF OF NATCHITOCHE PARISH

BEFORE ME, the undersigned authority, personally came and appeared, Victor Jones, the Sheriff of Natchitoches Parish, State of Louisiana, who after being sworn, deposed and said:

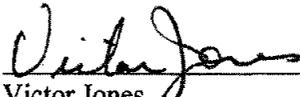
The following information is true and correct:

\$9,720 is the amount of cash on hand in the tax collector account on June 30, 2017, which does not include taxes paid under protest.

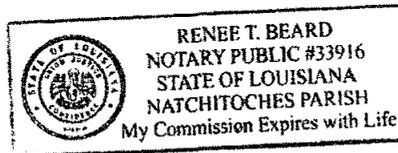
He further deposed and said:

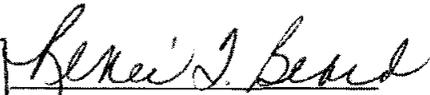
All itemized statements of the amount of taxes collected for the tax year 2016, by taxing authority, are true and correct.

All itemized statement of all taxes assessed and uncollected, which indicated the reason for the failure to collect, by taxing authority, are true and correct.


Victor Jones,
Sheriff of Natchitoches Parish

Sworn to and subscribed before me, this 29th day of December 2017.




Kimberly P. Martin ~~RENEE T. BEARD~~
Notary Public, # 33916
Natchitoches Parish, Louisiana

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE NATCHITOCHE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2017

Natchitoches Parish Sheriff, Victor Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 159,540
Benefits - insurance	15,662
Benefits - retirement	21,139
Travel reimbursements	1,777
Deferred compensation	<u>7,704</u>
	<u>\$ 205,822</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF AD VALOREM TAXES ASSESSED AND UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2017

Entity	Mills / Rate	Assessed Taxes	Uncollected Taxes and Interest
Ambulance	5.310	\$ 1,794,141.81	\$ 705.59
Assessment District	3.700	1,250,155.31	491.66
Cane River Waterway Maintenance	4.000	1,351,519.26	531.52
General School	4.540	1,533,974.36	603.27
Health Unit	2.810	949,442.28	373.39
Law Enforcement 1	7.990	2,699,659.72	1,061.71
Law Enforcement 2	9.720	3,284,191.79	1,291.60
Library	6.900	2,331,370.72	916.87
Public Buildings	2.810	949,442.28	373.39
Special School	6.830	2,307,719.13	907.57
General Tax Inside	1.690	185,991.56	190.13
General Tax Outside	3.390	772,103.43	69.09
Red River Waterway COF	1.520	511,496.71	201.98
Red River Waterway Maintenance	0.820	275,939.02	108.96
Road District #40	4.770	1,088,632.39	97.20
Consolidated School District #6 6.97M	6.970	186,134.25	-
School District #9 Bond	4.750	970,886.63	625.86
School District #9 Maintenance	6.760	1,381,724.98	890.70
Consolidated School District #7 Bond	10.500	565,865.84	11.76
Consolidated School District #7 Maintenance	6.930	373,471.45	7.76
Consolidated School District #8 Bond	33.000	287,957.78	-
Consolidated School District #8 Maintenance	6.800	59,336.76	-
Consolidated School District #8 Special	6.800	59,336.76	-
Consolidated School District #10	19.900	855,115.46	-
Forestry Tax .08/Acres	80.000	31,055.74	5.60
\$100 Per Mile Railroad	100.000	5,631.70	-
\$50 Per Mile P/L	50.000	5,096.37	-
Natchitoches Levee Tax .05 Acre	50.000	9,879.48	2.80
Natchitoches Levee District	4.220	836,725.50	485.68
Louisiana Tax Commission Assistant Fee	0.400	42,859.26	-
Louisiana Tax Commission Assistant Fee	0.150	540.23	-
Natchitoches Fire District #10	8.590	44,219.99	-
Natchitoches Fire District #1	6.800	217,199.31	4.08
Natchitoches Fire District #2	7.010	66,690.64	-
Natchitoches Fire District #3	9.280	102,354.85	-
Natchitoches Fire District #4-1	8.400	90,619.30	-
Natchitoches Fire District #4-2	8.400	90,619.30	-
Natchitoches Fire District #5	7.190	134,378.66	-
Natchitoches Fire District #6	9.590	571,742.00	145.57
Natchitoches Fire District #7	9.950	425,227.89	34.63
Natchitoches Fire District #8	13.940	44,759.66	4.60
Natchitoches Fire District #9	4.970	205,748.16	3.92
Total		<u>\$ 28,950,957.72</u>	<u>\$ 10,146.89</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF AD VALOREM TAXES ASSESSED AND UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2017

EXPLANATION FOR AD VALOREM TAXES ASSESSED AND UNCOLLECTED AS OF JUNE 30, 2017:

The assessed taxes represent current taxes for the 2016 tax roll. All taxes on immoveable property have been collected or have gone to tax sale. The uncollected amounts are for mobile homes and movable business property and include interest accrued through June 30, 2017. The Sheriff is in the process of collecting the uncollected taxes, but has had no response to collection efforts on the moveable property which could not be located or the businesses are no longer in operation.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



Postlethwaite & Netterville

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A Professional Accounting Corporation

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

Honorable Victor Jones
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Natchitoches Parish Sheriff's Office (Sheriff), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency identified as 2017-003.



Postlethwaite & Netterville

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Sheriff's Office 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

Natchitoches Parish Sheriff Office's Response

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2017

NATCHITOCHE PARISH SHERIFF'S OFFICE
 NATCHITOCHE, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of auditors' report issued.	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	Yes

SECTION #2

FINANCIAL STATEMENT FINDINGS

2017-001

Public Bid Law

Criteria:

According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition:

The Sheriff contracted with a vendor for the management of the food service at the prison. The total amount paid to the vendor during the year was approximately \$573,000. The presumption was that the deliverable was primarily the service of managing the food service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the food and commodities. In addition, inmates are used extensively by the vendor in delivering meals. As such, food and commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.

The Sheriff made one purchase for approximately \$11,000 for 8 Tasers and did not receive three telephone or facsimile quotes. The presumption by management was that the vendor was a sole source provider, but for this product type the vendor did not qualify as a sole source provider.

Effect:

The Sheriff is in violation of the Louisiana statute.

Cause:

The Sheriff was not in compliance with Louisiana Revised Statute 38:2212.1.

Recommendation:

The Sheriff should consider the applicability of the public bid law prior to purchase.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

2017-001

Public Bid Law (continued)

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. The Sheriff will emphasis training and compliance with the referenced statutes. This resolution will be implemented by March 31, 2018.

2017-002

Louisiana Budget Law (Repeat)

Criteria:

In accordance with Louisiana Revised Statutes 39:1310 and 39:1311, the independently elected official should be notified and an amended budget adopted when revenues and other sources are less than budgeted amounts by more than 5% or when expenditures and other uses are greater than budgeted amounts by more than 5%.

Condition:

The Sheriff was in violation of the expenditure portion of the statute noting actual expenditures were greater than the amended budget expenditures by more than 5%.

Effect:

The Sheriff is in violation of the State of Louisiana statute.

Cause:

The Sheriff consolidated the Detention Center into the General Fund and didn't adequately address all of the Detention Center expenditures in the amended budget.

Recommendation:

The Sheriff should consider the impact of other financing sources and uses in the budget process.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. This resolution will be implemented immediately.

2017-003

Agency Fund Reconciliation

Criteria:

The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition:

The cash balances in the Bond Fund and the Civil Fund total \$317,869 as of June 30, 2017. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

2017-003

Agency Fund Reconciliation (continued)

Effect: Unauthorized transactions may occur and not be detected timely.

Cause: Limited staff makes it difficult to initiate the process and develop the correct reports from the case management software.

Recommendation: We recommend that the Sheriff consider the system capabilities and initiate the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

The Sheriff is in the process of procuring a new software and initiating a process of reconciling the subsidiary balances to the respective depository balances. We anticipate completing this process by June 30, 2018.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001

Louisiana Budget Law (Repeat)

Criteria:

In accordance with Louisiana Revised Statutes 39:1310 and 39:1311, the independently elected official should be notified and an amended budget adopted when revenues and other sources are less than budgeted amounts by more than 5% or when expenditures and other uses are greater than budgeted amounts by more than 5%.

Condition:

The Sheriff was in violation of the revenue portion of the statute noting actual revenues and other financing sources were less than the amended budget revenues and other financing sources by more than 5%.

Status:

Similar finding noted in current year. See 2017-002.

2016-002

Public Bid Law (Repeat)

Criteria:

According to Louisiana Revised Statute 38:2212, the Sheriff is required to obtain and maintain documentation of at least three telephone or facsimile quotes for purchases in excess of \$10,000 and a public advertisement must be made for all purchases exceeding \$30,000.

Condition:

The Sheriff made two purchases for approximately \$14,000 and \$11,000 and did not receive three telephone or facsimile quotes.

Status:

Similar finding noted in current year. See 2017-001.

2016-003

Agency Fund Reconciliation (Repeat)

Criteria:

The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition:

The cash balances in the Bond Fund and the Civil Fund total \$397,983 as of June 30, 2016. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales.

Status:

Similar finding noted in current year. See 2017-003.

NATCHITOCHEs PARISH SHERIFF'S OFFICE

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2017



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Natchitoches Parish Sheriff's Office and the
Louisiana Legislative Auditor:

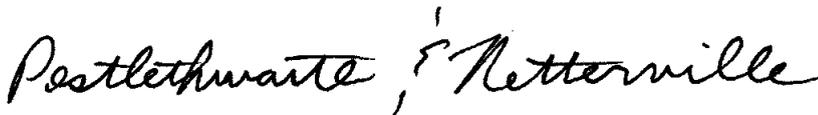
We have performed the procedures enumerated in Schedule A, which were agreed to by Natchitoches Parish Sheriff's Office (Sheriff's Office) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Sheriff's Office'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 in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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.



Baton Rouge, Louisiana
December 30, 2017

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted". If not, then a description of the exception ensues.

Written Policies and Procedures

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

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

The Sheriff does not have a written policy for Budgeting

- 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.

The Sheriff does not have a written policy for Purchasing.

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

The Sheriff does not have a written policy for Disbursements.

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

The Sheriff does not have a written policy for Receipts.

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

The Sheriff does not have a written policy for Payroll/Personnel.

- 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.

The Sheriff does not have a written policy for Contracting.

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

The Sheriff does not have a written policy for Credit Cards.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

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

The Sheriff does not have a written policy for Travel and Expense Reimbursements.

- 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.

The Sheriff does not have a written policy for Ethics.

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

The Sheriff does not have a written policy for Debt Service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

For purposes of this procedure, we considered the managing board meetings to be those between the Sheriff and his Civil Deputy. No charter or legislation dictates the frequency of those meetings; therefore, the benchmark applied for purposes of this comparison was quarterly. We were informed that the meetings occur on an as needed basis, but they are not documented.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We were informed that budget-to-actual comparisons are discussed as needed, but there is no documentation evidencing the meetings other than the actual budget and amended budget.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

There were no minutes so this procedure was not performed.

NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of fifteen (15) bank accounts. A signed representation by management was obtained on the completeness of the listing provided.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

From the listing provided, P&N selected seven (7) accounts and obtained the bank reconciliations for each of the twelve (12) months ending June 30, 2017, resulting in eighty-four (84) bank reconciliations requested and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

Bank reconciliations were not prepared for one (1) month in the year for one bank account. The remaining seventy-six (76) bank reconciliations were prepared.

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

Bank reconciliations were not prepared for one (1) month in the year for one bank account. The remaining seventy-six (76) bank reconciliations were prepared and there was documentation evidencing that the bank reconciliation was reviewed by a member of management.

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

Of the seven (7) bank accounts selected, four (4) accounts with a total of thirty-eight (38) bank reconciliations had reconciling items that have been outstanding for more than 6 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of cash collection locations was provided and included a total of six cash collection locations. A signed representation by management was obtained on the completeness of the listing provided.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

From the listing provided, P&N selected six (6) locations and performed the procedures noted below.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2.1) not responsible for depositing the cash in the bank, (2.2) recording the related transaction, or (2.3) reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Of the six (6) collection locations selected and 44 employees responsible for collections at those locations, P&N noted the total number of collection locations and the total number of people responsible for collecting cash at those locations with exceptions and the respective total number of exceptions noted pertaining to procedure 6a) as follows:

# Collection Locations with <u>Exceptions</u>	# of People Responsible for <u>Collection</u> <u>Cash*</u>	Criteria Not Met (see reference in 6a above)				
		<u>6a)1</u>	<u>6a)2.1</u>	<u>6a)2.2</u>	<u>6a)2.3</u>	<u>6a)3</u>
6	44	0	7	16	0	0

* Note that an employee could be counted more than once if that employee is responsible for collecting cash at more than one collection location.

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

No exceptions noted.

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

Using the collection data, P&N determined the highest collection week during the year ending June 30, 2017 for each respective collection location and performed the procedures noted below.

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

**NATCHITOCHE PARISH SHERIFF'S OFFICE
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

of collection, report the number of days from receipt to deposit for each day at each collection location.

Of the six (6) collection locations and thirty-one (31) deposits selected, the results of procedures 6.c)1. are as follows:

<i>Cash Collection Location</i>	<i>Date of Deposit</i>	<i>Deposits not Made Within One Day</i>	<i>Number of days after receipt</i>
<i>Central Office-General</i>	<i>01/12/2017</i>	<i>1</i>	<i>2 to 3</i>
<i>Central Office-General</i>	<i>01/13/2017</i>	<i>1</i>	<i>2 to 9</i>
<i>Detention Center</i>	<i>10/11/2016</i>	<i>3</i>	<i>4 to 43</i>
<i>Detention Center</i>	<i>10/14/2016</i>	<i>1</i>	<i>4</i>
<i>Bond Fund</i>	<i>11/28//2016</i>	<i>2</i>	<i>Not available</i>
<i>Bond Fund</i>	<i>11/30/2016</i>	<i>3</i>	<i>7 to 29</i>
<i>Bond Fund</i>	<i>12/02/2016</i>	<i>2</i>	<i>Not available</i>
<i>Tax Collector</i>	<i>12/27/2016</i>	<i>1</i>	<i>4</i>
<i>Tax Collector</i>	<i>12/28/2016</i>	<i>1</i>	<i>5</i>
<i>Tax Collector</i>	<i>12/29/2016</i>	<i>1</i>	<i>Not available</i>

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

No exceptions noted.

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

The Sheriff does not have written policies for collections.

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

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

The listing of general ledger activity for all disbursements during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

P&N randomly selected 25 disbursements and performed the procedures below.

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

Of the twenty-five (25) disbursements tested, there were fourteen (14) disbursements for which a requisition/purchase order was not prepared.

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

Of the twenty-five (25) disbursements tested, there were fourteen (14) disbursements for which a requisition/purchase order was not prepared and one (1) requisition/purchase order that was not approved by someone who did not initiate it.

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

Of the twenty-five (25) disbursements tested, there were ten (10) disbursements for which there was no documentation evidencing approval of the disbursement. These disbursements included disbursements from the Bond Fund, Tax Collection Fund and the Civil Fund.

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

The individuals responsible for processing payments are not prohibited from setting up vendors.

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

The individuals who have signatory authority or who make the final authorization for disbursements also initiate and record purchases.

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

No exceptions noted.

NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

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

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

A listing of cards was provided and included a total of seven cards. A signed representation by management was obtained on the completeness of the listing provided.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

P&N selected ten (10) credit cards and performed the procedures noted below.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted.

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

No exceptions noted.

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

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

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

In the ten (10) statements selected, there were a total of one hundred forty-six (146) transactions. One hundred twenty-seven (127) transactions were not supported by an original itemized receipt. One hundred sixteen (116) were for Fuel Trac transactions.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

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

In the ten (10) statements selected, there were a total of one hundred forty-six (146) transactions. The business purpose was not documented for twenty-nine (29) transactions.

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

No exceptions noted.

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

There is no written policy for credit cards. No other exceptions were noted.

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

In the ten (10) statements selected, there were a total of one hundred forty-six (146) transactions. The business purpose was not documented for twenty-nine (29) transactions. For those transactions, compliance with the criterial noted above was not verified. No other exceptions were noted.

Travel and Expense Reimbursement

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

A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

There is no written policy for travel and expenses.

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

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

No exceptions noted.

- b) Report whether each expense is supported by:
1. An original itemized receipt that identifies precisely what was purchased.
 2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 3. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Of the three (3) transactions selected, one (1) did not contain documentation of the business purpose.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

A listing of general ledger activity for all in effect during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

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

No exceptions noted.

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

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

Of the five (5) contracts selected, one (1) was not compliant with the Louisiana Public Bid Law.

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

Of the four (4) contracts that were not subject to bid law, three (3) did not solicit quotes as a best practice.

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

None of the 5 contracts selected for testing were amended. No exceptions noted.

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

No exceptions noted.

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

Not applicable.

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Payroll and Personnel

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

A listing of employees was provided. A signed representation by management was obtained on the completeness of the listing provided. A sample of five employees was selected and subjected the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

For seven (7) of the twenty-five (25) employees selected, there was no written documentation evidencing the supervisor's approval of the employees' attendance and leave.

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

For ten (10) of the twenty-five (25) employees selected, there was no written documentation evidencing the leave records were maintained.

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

There was no documentation evidencing the termination payments were approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

No ethics violations reported. No exceptions noted.

Debt Service

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

Not applicable.

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

The bond statement was not obtained and therefore this procedure was not performed.

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

No exceptions noted.

Other

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

No exceptions noted.

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

The notice was not posted on the premises or the website.

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

No exceptions noted.

**NATCHITOCHESES PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

The Natchitoches Parish Sheriff's Office (Sheriff) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

The Sheriff plans to develop/write policies and procedures to address the findings noted in this section by March 1, 2018.

Board (or Finance Committee, if applicable)

The Sheriff will start the process of including budget to actual comparisons in all monthly financial meetings starting with the January 2018 meeting.

Bank Reconciliations

The Sheriff will implement new documentation standards to address the findings noted in this section by March 1, 2018.

Collections

The Sheriff will develop/write policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

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

The Sheriff will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

Contracts

The Sheriff will develop/write policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

Payroll and Personnel

The Sheriff will develop/write policies and procedures where applicable to address the findings noted in this section by March 1, 2018.