

ST. MARY PARISH SHERIFF

Franklin, Louisiana

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mark A. Hebert
 St. Mary Parish Sheriff
 Franklin, Louisiana

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Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of funding progress related to other postemployment benefits, the schedule of proportionate share of net pension liability, and the schedule of contributions on pages 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Mary Parish Sheriff's basic financial statements. The schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head 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, the schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head 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 our report dated October 23, 2017, on our consideration of the St. Mary Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Mary Parish Sheriff's internal control over financial reporting and compliance.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
October 23, 2017

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents	\$ 3,825,561
Receivables:	
Due from other governmental units	705,073
Other receivables	34,884
Prepaid expenses	56,028
Noncurrent assets:	
Capital assets:	
Nondepreciable	220,378
Depreciable, net of accumulated depreciation	<u>1,307,961</u>
Total assets	6,149,885
Deferred outflows of resources	<u>2,842,920</u>
Total assets and deferred outflows of resources	<u>\$ 8,992,805</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Position
June 30, 2017

	Governmental Activities
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current liabilities:	
Accounts, salaries, and other payables	\$ 621,872
Due to taxing bodies and others	995
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	215,074
Workman's compensation	3,232
Portion due or payable after one year:	
Compensated absences	16,188
Workman's compensation	54,955
Net other postemployment benefit obligation	3,971,573
Net pension liability	5,942,185
Total liabilities	10,826,074
Deferred inflows of resources	1,252,418
Net position:	
Net investment in capital assets	1,528,339
Restricted for Law Enforcement Sub-District No. 1	810,508
Unrestricted	(5,424,534)
Total net position	(3,085,687)
Total liabilities, deferred inflows of resources and net position	\$ 8,992,805

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue And Changes in Net Position
					Governmental Activities
Governmental activities:					
Public safety	\$ 12,252,614	\$ 2,394,539	\$ 1,160,636	\$ 153,279	\$ (8,544,160)
General Revenues:					
					6,495,635
					2,137,360
					184,174
					210,039
					4,185
					59,457
					<u>9,090,850</u>
					546,690
					<u>(3,632,377)</u>
					<u>\$ (3,085,687)</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Balance Sheet – Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,004,781	\$ 820,780	\$ 3,825,561
Receivables:			
Due from other governmental units	705,073	-	705,073
Other receivables	34,852	32	34,884
Due from other funds	10,304	-	10,304
Prepaid expenses	56,028	-	56,028
Total assets	\$ 3,811,038	\$ 820,812	\$ 4,631,850
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts, salaries, and other payables	\$ 621,872	\$ -	\$ 621,872
Due to taxing bodies and others	995	-	995
Due to other funds	-	10,304	10,304
Total liabilities	622,867	10,304	633,171
Fund balance:			
Nonspendable:			
Prepays	56,028	-	56,028
Restricted:			
Law Enforcement Sub-District No. 1	-	810,508	810,508
Unassigned	3,132,143	-	3,132,143
Total fund balance	3,188,171	810,508	3,998,679
Total liabilities and fund balance	\$ 3,811,038	\$ 820,812	\$ 4,631,850

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

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

Total fund balances - governmental funds		\$ 3,998,679
Cost of capital assets at June 30, 2017	4,861,874	
Less: Accumulated depreciation as of June 30, 2017:		
Equipment	(1,009,922)	
Furniture	(29,538)	
Vehicles, boats, and trailers	(1,953,459)	
Buildings and improvements	<u>(340,616)</u>	
		1,528,339
Long-term liabilities at June 30, 2017:		
Workman's compensation	(58,187)	
Compensated absences payable	(231,262)	
Other postemployment benefit obligations	(3,971,573)	
Net pension liability	<u>(5,942,185)</u>	
		(10,203,207)
Deferred outflows and inflows of resources at June 30, 2017:		
Deferred outflows of resources related to pensions	2,842,920	
Deferred inflows of resources related to pensions	<u>(1,252,418)</u>	
		<u>1,590,502</u>
Total net position - governmental activities		<u>\$ (3,085,687)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

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

	General Fund	Special Revenue Fund	Total
Revenues:			
Ad valorem taxes	\$ 6,353,713	\$ 141,922	\$ 6,495,635
Sales taxes	2,137,360	-	2,137,360
Intergovernmental revenues -			
Federal grants	228,660	-	228,660
State grants	47,330	-	47,330
Parish grants	25,378	-	25,378
State revenue sharing	184,174	-	184,174
State supplemental pay	648,862	-	648,862
Salary supplemental pay	263,287	-	263,287
Video poker	155,039	-	155,039
Indian gaming	55,000	-	55,000
Fees, charges, and commissions for service -			
Civil and criminal fees	508,031	-	508,031
Court attendance	14,246	-	14,246
Feeding, transporting, and keeping of prisoners	1,206,571	-	1,206,571
Fines and forfeitures	139,081	-	139,081
Commissary sales	56,406	-	56,406
Other	206,917	-	206,917
Investment income	3,392	793	4,185
Miscellaneous	59,457	-	59,457
Total revenues	12,292,904	142,715	12,435,619
Expenditures:			
Current -			
Public safety:			
Personnel and related benefits	9,501,157	113,444	9,614,601
Operating services	845,739	4,736	850,475
Materials and supplies	1,416,743	9,474	1,426,217
Debt service -			
Workmen's compensation judgment	3,232	-	3,232
Interest and fiscal charges	9,221	-	9,221
Capital outlay	291,293	-	291,293
Total expenditures	12,067,385	127,654	12,195,039
Net change in fund balances	225,519	15,061	240,580
Fund balances, beginning of year	2,962,652	795,447	3,758,099
Fund balances, end of year	\$ 3,188,171	\$ 810,508	\$ 3,998,679

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

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

Total net change in fund balances - governmental funds	\$ 240,580
Amounts reported for governmental activities 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 depreciation expense exceeded capital outlay in the current period.	(64,109)
Payments of compensated absences and the workman's compensation liability are expenditures in the governmental funds, but these payments reduce long-term liabilities in the statement of net position.	32,147
Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not recorded as a fund expenditure.	(81,736)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions subsequent to the measurement date	814,419
Cost of benefits earned net of employee contributions	(745,560)
Amortization of excess contributions during the measurement period	(12,736)
Some revenues reported in the statement of activities do not provide current financial resources in governmental funds:	
Non employer pension contributions	363,685
Change in net position - governmental activities	\$ 546,690

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 576,582</u>
Total assets	<u><u>\$ 576,582</u></u>
LIABILITIES	
Due to taxing bodies, prisoners and others	<u>\$ 576,582</u>
Total liabilities	<u><u>\$ 576,582</u></u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the St. Mary Parish Sheriff (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 property taxes, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the District Court. The Sheriff is also responsible for distributing parish occupational licenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Sheriff conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the Louisiana Governmental Audit Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The Sheriff's basic financial statements consist of the government-wide statements on all activities of the Sheriff and the governmental fund financial statements (individual major funds).

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the St. Mary Parish Sheriff. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (a) fees and charges paid by the recipients of services offered by the St. Mary Parish Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales and use tax revenues are recognized in the period in which the underlying exchange transaction has occurred.

Grants and similar items are recognized as revenues in the year in which they are earned. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include sales and use taxes, earned grant revenues, intergovernmental revenues, and interest on investments.

The government reports the following governmental funds:

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

Special Revenue Fund--The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the revenues and expenditures related to Law Enforcement Sub-District No. 1.

Use of Restricted Funds

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

Fiduciary Funds - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, and inmate monies. Disbursements from these funds are made to various parish agencies, litigants in suits,

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

inmates, 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.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the law of the United States.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are charged off at the time information becomes available which would indicate uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as assets. All capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5-10 Years
Furniture	5 Years
Vehicles, boats, and trailers	5 Years
Buildings and improvements	20-40 Years

Fund Financial Statements:

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

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the Sheriff's Office.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Sheriff applies restricted net position first.

Fund Financial Statements:

The Sheriff applies GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. See Note 9 for further explanation.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Sheriff's Office earn vacation leave based on time of service. Two weeks is earned for each year of service from one to six years, three weeks from seven to fifteen years of service and four weeks is earned for each year of service from sixteen years thereafter. Vacation leave is non-cumulative. One-half day of sick leave is earned each month up to seven years of service at which time the employee earns one day per month. Unused sick days are carried over and accumulated up to 480 hours total. Sick leave is not compensable if an employee leaves the service of the St. Mary Parish Sheriff.

Use of Estimates

The Sheriff uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures.

Net Other Postemployment Benefit Obligations

The Sheriff applies the provisions of GASB Statement No. 45 "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" This pronouncement requires the Sheriff to calculate and recognize a net *other postemployment benefit* (OPEB) obligation at June 30, 2017. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2009. See Note 19 for further details.

Pensions

The Sheriff applies the provisions of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions.*" This pronouncement requires the Sheriff to calculate and recognize a net pension liability at June 30, 2017. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriffs' Pension and Relief Fund and additions to/deductions from the Sheriffs' Pension and Relief Fund fiduciary net position have been determined on the same basis as they are reported by the Sheriffs' Pension and Relief Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 21 for further details.

Subsequent Events

The Sheriff has evaluated subsequent events through October 23, 2017, the date the financial statements were available to be issued.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the Sheriff's cash and interest-bearing deposits with financial institutions at June 30, 2017 totaled \$4,402,143; \$576,582 is included in the Sheriff's fiduciary funds. The bank balance was \$4,568,335. Federal deposit insurance covered \$750,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the Sheriff's name in the amount of \$4,512,939. Cash and interest-bearing deposits 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 fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

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

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2017, law enforcement district taxes applicable to the Sheriff's General Fund, were levied at the rate of 10.71 mills on property with net assessed valuations totaling \$608,764,015.

On April 16, 2015, the voters of Law Enforcement Sub-District No. 1 of St. Mary Parish approved a proposition to renew a 15.00 mills tax on all property subject to taxation in said district, beginning with the year 2016 and ending with the year 2020. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No. 1. In the 2016 tax year, a 4.97 mill tax was levied on property with net assessed valuations totaling \$29,274,645.

Total taxes levied during the fiscal year ended June 30, 2017 were \$6,665,344.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

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

Federal grants	\$ 26,694
Parish grants	498,286
State grants	<u>180,093</u>
Total	<u>\$ 705,073</u>

NOTE 5 ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2017, consist of the following:

Accounts payable	\$ 113,165
Accrued salaries and related benefits	268,270
Hospitalization insurance claims payable	<u>240,437</u>
Total accounts, salaries, and other payables	<u>\$ 621,872</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 112,729	\$ -	\$ -	\$ 112,729
Construction in progress	<u>-</u>	<u>107,649</u>	<u>-</u>	<u>107,649</u>
Total capital assets not being depreciated	<u>112,729</u>	<u>107,649</u>	<u>-</u>	<u>220,378</u>
Capital assets being depreciated:				
Equipment	1,149,367	18,251	-	1,167,618
Furniture	29,538	-	-	29,538
Vehicles, boats and trailers	2,455,356	165,393	(141,254)	2,479,495
Buildings and improvements	<u>964,845</u>	<u>-</u>	<u>-</u>	<u>964,845</u>
Total capital assets being depreciated	<u>4,599,106</u>	<u>183,644</u>	<u>(141,254)</u>	<u>4,641,496</u>
Less accumulated depreciation for:				
Equipment	(964,110)	(45,812)	-	(1,009,922)
Furniture	(29,538)	-	-	(29,538)
Vehicles, boats and trailers	(1,843,016)	(251,697)	141,254	(1,953,459)
Buildings and improvements	<u>(282,723)</u>	<u>(57,893)</u>	<u>-</u>	<u>(340,616)</u>
Total accumulated depreciation	<u>(3,119,387)</u>	<u>(355,402)</u>	<u>141,254</u>	<u>(3,333,535)</u>
Capital assets, being depreciated, net	<u>1,479,719</u>	<u>(171,758)</u>	<u>-</u>	<u>1,307,961</u>
Capital assets, net	<u>\$ 1,592,448</u>	<u>\$ (64,109)</u>	<u>\$ -</u>	<u>\$ 1,528,339</u>

Depreciation expense of \$355,402 for the year ended June 30, 2017 was charged to the public safety function.

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions during the year:

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
Compensated absences	\$ 260,177	\$ 298,636	\$ 327,551	\$ 231,262	\$ 215,074
Workmen's compensation	61,419	-	3,232	58,187	3,232
Other postemployment benefits	3,889,837	81,736	-	3,971,573	-
Net pension liability	<u>4,434,049</u>	<u>1,508,136</u>	<u>-</u>	<u>5,942,185</u>	<u>-</u>
Total	<u>\$ 8,645,482</u>	<u>\$ 1,888,508</u>	<u>\$ 330,783</u>	<u>\$ 10,203,207</u>	<u>\$ 218,306</u>

On May 31, 1984, the Supreme Court of the State of Louisiana ruled that the St. Mary Parish Sheriff and the State of Louisiana were liable for the payment of death benefits under the Workmen's Compensation Act. Effective July 1, 1984, the widow and children of a deputy sheriff killed in the line of duty were entitled to \$148 per week until such time as one or more of the minor children reach the age of eighteen (twenty-one if enrolled as a full-time student) and/or such time as the widow dies or remarries. The Sheriff's liability (84 percent) is \$538.72 per month.

On January 1, 1995, both children were 18 or older and did not enroll in college; therefore, the monthly payments of \$538.72 were cut in half per R.S. 23:1232. The new monthly payments of \$269.36 began January 1995. The Sheriff's liability at June 30, 2017 is \$58,187. This amount was computed using a "Period Life Table" issued by the Social Security Administration.

The annual debt service requirements to maturity for the Workmen's Compensation Judgment Payable as of June 30, 2017 are as follows. There is no interest associated with this liability.

Year Ending June 30,	Principal
2018	\$ 3,232
2019	3,232
2020	3,232
2021	3,232
2022	3,232
2023-2027	16,162
2028-2032	16,162
2033-2035	<u>9,703</u>
	<u>\$ 58,187</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 DEDICATIONS OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

On October 18, 1997, the citizens of St. Mary Parish passed a ½% sales and use tax. Fifty percent of the proceeds are remitted to the Sheriff for law enforcement purposes in St. Mary Parish, including employment of deputies, training, salaries, benefits, and the purchase of equipment and automobiles. The Sheriff accounts for the proceeds in the General Fund. The other fifty percent of the proceeds are remitted to the Parish and the municipalities of the Parish on a per capita basis for any lawful law enforcement purpose described in the proposition.

NOTE 9 FUND BALANCES

The Sheriff applies GASB Statement No. 54, which redefines how balances of governmental funds are presented in the financial statements. Fund Balances are classified as follows:

Nonspendable Fund Balance – amounts that are not in spendable form or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the Sheriff, using the highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Sheriff takes the same highest level action to remove or change the constraint.

Assigned Fund Balance – amounts the Sheriff intends to use for a specific purpose. Intent can be expressed by the Sheriff or by an official or body to which the Sheriff delegates authority.

Unassigned Fund Balance – amounts that are available for any purpose.

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 10 CHANGES IN AGENCY FUND BALANCES

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

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
Sheriff's Fund	\$ 63,841	\$ 889,176	\$ 884,967	\$ 68,050
Bond Fund	212,040	1,158,217	1,134,353	235,904
Inmate Deposit Fund	21,367	345,362	347,857	18,872
Work Release Fund	34,263	211,796	222,512	23,547
Tax Collector Fund	<u>144,232</u>	<u>59,490,146</u>	<u>59,404,169</u>	<u>230,209</u>
Total	<u>\$ 475,743</u>	<u>\$ 62,094,697</u>	<u>\$ 61,993,858</u>	<u>\$ 576,582</u>

NOTE 11 RESTRICTED NET POSITION

In 2015, legislation was passed providing to renew a 15.00 mills tax on all property subject to taxation in Sub-District No. 1 of the Parish of St. Mary, beginning with the year 2016 and ending with the year 2020. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No. 1. At June 30, 2017, the government-wide statement of net position reports the following restricted net position:

Restricted enabling legislation for:	
Sub-District No. 1	<u>\$ 810,508</u>
Total restricted net position	<u>\$ 810,508</u>

NOTE 12 RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to auto liability; professional law enforcement liability; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Sheriff has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Sheriff is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 13 TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2017, include \$11,265 of taxes paid under protest plus interest earned to date on the investment of these funds, penalties paid on the protest taxes, and overpayments. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 14 EX-OFFICIO TAX COLLECTOR

The amount of cash on hand at June 30, 2017 was \$230,209. The amount of ad valorem taxes assessed, collected and uncollected by taxing authority was as follows:

	<u>Taxes Assessed</u>	<u>Taxes Collected</u>	<u>Amount Uncollected</u>
Taxing Authority: LA Tax Commission St. Mary Parish:	\$ 26,036	\$ 26,036	\$ -
Levee District	2,996,507	2,946,481	50,026
Council	3,673,016	3,603,481	69,535
Library	3,013,696	2,955,779	57,917
School Board	21,855,737	21,518,045	337,692
Gravity Drainage	4,978,223	4,942,618	35,605
Waterworks Districts	522,701	519,726	2,975
Water and Sewer	3,174,064	3,087,010	87,054
Hospital Districts	2,349,004	2,331,134	17,870
Recreation Districts	2,195,636	2,156,564	39,072
Fire Protection	1,801,417	1,784,269	17,148
Sewerage Districts	627,587	621,912	5,675
Harbor and Terminal Districts	2,199,924	2,158,511	41,413
Mosquito Control	152,618	152,616	2
Sheriff	6,563,974	6,456,815	107,159
Assessment District	<u>1,725,979</u>	<u>1,697,164</u>	<u>28,815</u>
Total	<u>\$ 57,856,119</u>	<u>\$ 56,958,161</u>	<u>\$ 897,958</u>

The majority of the uncollected taxes are for moveable property. The seizure of moveable property was not scheduled until after June 30, 2017.

NOTE 15 TAXES COLLECTED AND DISTRIBUTED ON BEHALF OF ANOTHER TAXING AUTHORITY

	<u>Total Collections</u>	<u>Collection Costs</u>	<u>Final Distribution</u>
St. Mary Parish Government Occupational License Tax Insurance Premium Tax	\$ 476,444	\$ 71,467	\$ 404,977
	<u>297,344</u>	<u>44,602</u>	<u>252,742</u>
Totals	<u>\$ 773,788</u>	<u>\$ 116,069</u>	<u>\$ 657,719</u>

The St. Mary Parish Sheriff does not collect sales tax, occupancy tax, tax incremental finance district, public utility, gaming admissions, or any other taxes other than ad valorem tax, occupational licenses, and insurance premiums for taxing authorities.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 16 INTERFUND RECEIVABLES AND PAYABLES

	Interfund Receivables	Interfund Payables
General Fund:		
Special Revenue Funds	\$ 10,304	\$ -
Special Revenue Funds:		
General Fund	-	10,304
Total interfund receivables/payables	\$ 10,304	\$ 10,304

Due to/from general fund represents costs paid from the general fund bank account on behalf of individual funds. These receivables and payables reverse in the normal course of operations. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

NOTE 17 LITIGATION AND CLAIMS

At June 30, 2017, the Sheriff was involved in several lawsuits claiming damages. In the opinion of the Sheriff's legal counsel, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage. It is the opinion of the Sheriff, after conferring with legal counsel, that the liabilities, if any, which might arise from these lawsuits would not have a material adverse effect on the Sheriff's financial position.

NOTE 18 EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

The Sheriff's office is located in a building owned by the Parish Council. Expenditures for operation and maintenance of the parish jail and building, as required by state statute, are paid by the St. Mary Parish Council and are not included in the accompanying financial statements.

NOTE 19 SELF-INSURANCE FUND

The Sheriff has established a limited risk management program for group health insurance. In May 2008 the Sheriff hired Gilsbar, Inc. as administrator. During the fiscal year 2017, a total of \$1,709,376 was incurred in claims. The Sheriff purchased specific stop-loss commercial insurance for individual claims incurred in excess of \$70,000 for 2016 and 2017. Incurred but not paid claims of \$240,437 have been accrued as a liability in the General Fund. The unpaid claims liability was estimated based upon the claims incurred but not paid as of June 30, 2017, as per a report from the administrator of claims remitted through August 10, 2017. The accrual of other incremental costs that may be incurred related to these claims is immaterial and therefore excluded.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 19 SELF-INSURANCE FUND (CONTINUED)

Incurred but not paid claims, July 1, 2015	\$ 228,240
Claims incurred	1,326,875
Claims paid	<u>(1,467,087)</u>
Incurred but not paid claims, June 30, 2016	88,028
Claims incurred	1,709,376
Claims paid	<u>(1,556,967)</u>
Incurred but not paid claims, June 30, 2017	<u>\$ 240,437</u>

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. In applying the requirements of GASB Statement No. 45 during the year ended June 30, 2017, the Sheriff recognizes the cost of postemployment healthcare in the year in which the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description

The Sheriff provides postemployment medical benefits to employees upon actual retirement. The plan is a single-employer plan administered by Gilsbar, Inc. The plan issues a publicly available financial report. The report may be obtained by emailing CapRisk Consulting Group at hummel@capriskgroup.com or by calling (877) 747-5238.

Funding Policy

Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. Employees hired prior to January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 55 and 12 years of service or age 60 and 10 years of service. Employees hired on or after January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 62 and 12 years of service, age 60 and 20 years of service, or age 55 and 30 years of service. The employer pays a portion of the medical coverage for the retiree and dependents, depending on length of service at retirement. The Sheriff recognizes the cost as expenditure when paid during the year. The benefits are financed on a pay-as-you-go-basis. Effective February 1, 2017, the retiree must have at least 30 years of service and be receiving monthly benefits from the Sheriff's Pension and Relief Fund to continue medical coverage and the Sheriff will pay 100% of the contribution. The retiree will pay 100% of the contribution for any elected dependent coverage.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended, June 30, 2017, the Sheriff's portion of health care funding cost for retired employees totaled \$307,788.

Annual Other Postemployment Benefit Cost

The Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level dollar, open amortization period of 30 years has been used. The total ARC for the fiscal year beginning July 1, 2016 is \$454,512.

Normal cost	\$	66,449
30-year UAL amortization amount		<u>388,063</u>
Annual required contribution (ARC)	\$	<u>454,512</u>

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

Annual required contribution (ARC)	\$	454,512
Interest on net OPEB obligation		155,593
Adjustment to annual required contribution		<u>(220,581)</u>
Annual OPEB cost (expense)		389,524
Less: contributions made		<u>307,788</u>
Increase in net OPEB obligation		81,736
Net OPEB obligation - beginning of the year		<u>3,889,837</u>
Net OPEB obligation - end of the year	\$	<u>3,971,573</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017, and the preceding fiscal years were as follows:

<u>Post Employment Benefit</u>	<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical	6/30/2015	\$ 430,520	76.82%	\$ 3,798,416
Medical	6/30/2016	\$ 448,599	79.62%	\$ 3,889,837
Medical	6/30/2017	\$ 389,524	79.02%	\$ 3,971,573

Funded Status and Funding Progress

As of June 30, 2017, the Sheriff made no contributions to its postemployment benefits plan. The plan was not funded, has no assets, and has a funded ratio of zero. As of June 30, 2017, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$6,820,092, which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in the fiscal year ended June 30, 2017, the entire actuarial accrued liability of \$6,820,092 was unfunded.

The funded status of the plan as of June 30, 2017 was as follows:

Actuarial accrued liability (AAL)	\$ 6,820,092
Actuarial value of plan assets	<u> -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,820,092</u>
Funded ratio (actuarial value of plan assets AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 6,018,642
UAAL as a percentage of covered payroll	113.32%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

future years of service by employees). Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Sheriff's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as turnover rate, retirement rate, health care cost trend rate, mortality rate, discount rate (investment return assumption), and the period to which the costs apply (past, current, or future years of service by employees), could result in actual costs being less or greater than estimated.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and 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 employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the projected unit credit cost method was used. 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. The actuarial assumptions included a 4.0 percent investment rate of return, and the expected rate of increase in medical cost is based on a level schedule of 4.50% annually.

NOTE 21 REVENUE ANTICIPATION LOAN

During the year, the Sheriff borrowed \$1,500,000 from a local financial institution to cover operating costs until the entity's tax revenue was received. The balance was paid back in full during the year, and there was no liability at year end. Interest expense in the amount of \$9,221 was paid during the year ended June 30, 2017.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN

Plan Description

The Sheriffs' Pension and Relief Fund (Fund) is a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions 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 the Louisiana Sheriffs' Association and the Sheriff's Pension and Relief Fund's office. The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of the Fund and is governed by a board of trustees.

Benefits Provided

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

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

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

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

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

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

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

Contributions

Contribution requirements for all employers are actuarially determined each year in accordance with state statute. For the year ended June 30, 2016, the actual employer contribution rate was 13.75% with an additional 0% allocated from the Funding Deposit Account. The Sheriff's statutorily required composite contribution rate for the year ended June 30, 2017 was 13.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Employee contributions are based on the employee's annual covered salary and are established by the board of trustees. For the year ended June 30, 2017, the employee contribution rate was 10.25%. Contributions to the pension plan from the Sheriff were \$814,419 for the year ended June 30, 2017.

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

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

At June 30, 2017, the Sheriff reported a liability of \$5,942,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Sheriff's proportion was 0.936235%, which was a decrease of 0.058500% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$758,296. The Sheriff recognized revenue of \$363,685 as its proportionate share of non-employer contributions for the year ended June 30, 2017.

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	\$ -	\$ 623,270
Net difference between projected and actual investment earnings on pension plan investments	1,488,222	-
Changes of assumptions	485,457	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,822	629,148
Employer contributions subsequent to the measurement date	<u>814,419</u>	<u>-</u>
Total	<u>\$ 2,842,920</u>	<u>\$ 1,252,418</u>

Sheriff contributions subsequent to the measurement date in the amount of \$814,419 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

Year ending June 30,	
2017	\$ 11,179
2018	11,179
2019	444,671
2020	372,084
2021	(31,511)
2022	(31,516)
Total	<u>\$ 776,086</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.6%, net of investment expense
Projected salary increases	5.5% (2.875% inflation, 2.625% merit)
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, health annuitants and beneficiaries/ RP-2000 Disabled Lives Mortality Table
Expected remaining service lives	7 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2016 are as follows:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%, which was a decrease of 0.1% from the discount rate used to measure the total pension liability at June 30, 2015. 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 required rates approved by Public Employees' Retirement Systems' Actuarial Committee taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Sheriff calculated using the discount rate of 7.5%, as well as what the Sheriff's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Discount rate</u>	<u>Net pension liability</u>
1% decrease	6.5%	\$ 10,081,523
Current discount rate	7.5%	\$ 5,942,185
1% increase	8.5%	\$ 2,525,653

Plan Fiduciary Net Position

The Sheriff's Pension and Relief Fund has issued a stand-alone financial report for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 6,390,000	\$ 6,390,000	\$ 6,353,713	\$ (36,287)
Sales taxes	1,920,000	1,920,000	2,137,360	217,360
Intergovernmental revenues -				
Federal grants	238,785	238,785	228,660	(10,125)
State grants	29,600	29,600	47,330	17,730
Parish grants	27,000	27,000	25,378	(1,622)
State revenue sharing	184,300	184,300	184,174	(126)
State supplemental pay	570,000	570,000	648,862	78,862
Salary supplemental pay	286,500	286,500	263,287	(23,213)
Video poker	168,000	168,000	155,039	(12,961)
Indian gaming	55,000	55,000	55,000	-
Fees, charges, and commissions for service -				
Civil and criminal fees	455,000	455,000	508,031	53,031
Court attendance	15,600	15,600	14,246	(1,354)
Feeding, transporting, and keeping of prisoners	1,524,350	1,524,350	1,206,571	(317,779)
Fines and forfeitures	148,800	148,800	139,081	(9,719)
Commissary sales	78,000	78,000	56,406	(21,594)
Other	170,600	170,600	206,917	36,317
Investment income	2,500	2,500	3,392	892
Miscellaneous	<u>21,000</u>	<u>21,000</u>	<u>59,457</u>	<u>38,457</u>
Total revenues	12,285,035	12,285,035	12,292,904	7,869
Expenditures:				
Current -				
Public safety:				
Personnel and related benefits	9,594,900	9,594,900	9,501,157	93,743
Operating services	897,765	897,765	845,739	52,026
Materials and supplies	1,552,225	1,552,225	1,416,743	135,482
Debt service -				
Workmen's compensation judgment	3,300	3,300	3,232	68
Interest and fiscal charges	10,800	10,800	9,221	1,579
Capital outlay	<u>221,250</u>	<u>221,250</u>	<u>291,293</u>	<u>(70,043)</u>
Total expenditures	<u>12,280,240</u>	<u>12,280,240</u>	<u>12,067,385</u>	<u>212,855</u>
Net change in fund balance	4,795	4,795	225,519	220,724
Fund balance, beginning of year	<u>2,962,652</u>	<u>2,962,652</u>	<u>2,962,652</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,967,447</u>	<u>\$ 2,967,447</u>	<u>\$ 3,188,171</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – Special Revenue Fund
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 175,000	\$ 142,000	\$ 141,922	\$ (78)
Investment income	<u>850</u>	<u>800</u>	<u>793</u>	<u>(7)</u>
Total revenues	175,850	142,800	142,715	(85)
Expenditures:				
Current -				
Public safety:				
Personnel and related benefits	150,300	120,200	113,444	6,756
Operating services	4,300	4,250	4,736	(486)
Materials and supplies	<u>21,000</u>	<u>16,000</u>	<u>9,474</u>	<u>6,526</u>
Total expenditures	<u>175,600</u>	<u>140,450</u>	<u>127,654</u>	<u>12,796</u>
Net change in fund balance	250	2,350	15,061	12,711
Fund balance, beginning of year	<u>795,447</u>	<u>795,447</u>	<u>795,447</u>	<u>-</u>
Fund balance, end of year	<u>\$ 795,697</u>	<u>\$ 797,797</u>	<u>\$ 810,508</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Funding Progress – Other Postemployment Benefits
Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2014 *	\$ -	\$ 7,707,872	\$ 7,707,872	0.00%	\$ 7,332,177	105.12%
July 1, 2015 *	\$ -	\$ 8,016,187	\$ 8,016,187	0.00%	\$ 7,105,503	112.82%
July 1, 2016	\$ -	\$ 6,820,092	\$ 6,820,092	0.00%	\$ 6,018,642	113.32%

* The Sheriff opted to not have a full actuarial valuation performed, but instead had an estimated valuation performed based on the July 1, 2013 actuarial valuation.

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2017

Year Ended	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.990803%	\$ 3,923,585	\$ 6,907,458	56.80%	87.34%
June 30, 2016	0.994735%	\$ 4,434,049	\$ 6,433,748	68.92%	86.61%
June 30, 2017	0.936235%	\$ 5,942,185	\$ 6,394,030	92.93%	82.10%

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

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Contributions
Year Ended June 30, 2017

Year Ended	Statutorily required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
June 30, 2015	\$ 941,784	\$ 941,784	\$ -	\$ 6,433,748	14.64%
June 30, 2016	\$ 881,844	\$ 881,844	\$ -	\$ 6,394,030	13.79%
June 30, 2017	\$ 814,419	\$ 814,419	\$ -	\$ 6,145,188	13.25%

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

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Required Supplementary Information

NOTE 1 BASIS OF ACCOUNTING

The budgetary basis is in accordance with generally accepted accounting principles (GAAP).

NOTE 2 BUDGETARY PRACTICES

Budgetary Information

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

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

SUPPLEMENTARY INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

- Sheriff's Fund - The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.
- Bond Fund - The Bond Fund accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.
- Inmate Deposit Fund - The Inmate Deposit Fund accounts for the receipts and disbursements made from the individual prison inmate accounts.
- Work Release Fund - The Work Release Fund accounts for the receipts and disbursements made from the individual prison work release savings accounts.
- Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Statement of Fiduciary Net Position
June 30, 2017

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Tax Collector Fund	Total
ASSETS						
Cash and cash equivalents	<u>\$ 68,050</u>	<u>\$ 235,904</u>	<u>\$ 18,872</u>	<u>\$ 23,547</u>	<u>\$ 230,209</u>	<u>\$ 576,582</u>
Total assets	<u>\$ 68,050</u>	<u>\$ 235,904</u>	<u>\$ 18,872</u>	<u>\$ 23,547</u>	<u>\$ 230,209</u>	<u>\$ 576,582</u>
LIABILITIES						
Due to taxing bodies, prisoners and others	<u>\$ 68,050</u>	<u>\$ 235,904</u>	<u>\$ 18,872</u>	<u>\$ 23,547</u>	<u>\$ 230,209</u>	<u>\$ 576,582</u>
Total liabilities	<u>\$ 68,050</u>	<u>\$ 235,904</u>	<u>\$ 18,872</u>	<u>\$ 23,547</u>	<u>\$ 230,209</u>	<u>\$ 576,582</u>

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2017

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Tax Collector Fund	Total
Balances, beginning of year	\$ 63,841	\$ 212,040	\$ 21,367	\$ 34,263	\$ 144,232	\$ 475,743
Additions:						
Deposits -						
Sheriff's sales	776,661	-	-	-	-	776,661
Bonds	-	1,158,217	-	-	-	1,158,217
Garnishments	112,515	-	-	-	-	112,515
Inmate deposits	-	-	345,362	211,796	-	557,158
Taxes, fees, etc., paid to						
Tax Collector	-	-	-	-	59,455,225	59,455,225
Interest	-	-	-	-	34,921	34,921
Total additions	<u>889,176</u>	<u>1,158,217</u>	<u>345,362</u>	<u>211,796</u>	<u>59,490,146</u>	<u>62,094,697</u>
Total	<u>953,017</u>	<u>1,370,257</u>	<u>366,729</u>	<u>246,059</u>	<u>59,634,378</u>	<u>62,570,440</u>
Reductions:						
Taxes, fees, etc., distributed to taxing bodies and others	-	-	-	-	59,404,169	59,404,169
Deposits settled to -						
Sheriff's General Fund	185,627	134,894	280,392	143,176	-	744,089
St. Mary Parish Council	-	81,961	-	-	-	81,961
District Attorney	-	466,968	-	-	-	466,968
St. Mary Parish Clerk	49,333	46,803	-	-	-	96,136
St. Mary Parish Coroner	-	9,221	-	-	-	9,221
Indigent Defender Board	-	117,585	-	-	-	117,585
Acadiana Crime Lab	-	77,676	-	-	-	77,676
Injury Trust Fund	-	6,175	-	-	-	6,175
Municipal Police	-	13,317	-	-	-	13,317
Litigants	570,968	107,933	-	66,422	-	745,323
Other settlements	79,039	71,820	-	-	-	150,859
Inmates	-	-	67,465	12,914	-	80,379
Total reductions	<u>884,967</u>	<u>1,134,353</u>	<u>347,857</u>	<u>222,512</u>	<u>59,404,169</u>	<u>61,993,858</u>
Balances, end of year	<u>\$ 68,050</u>	<u>\$ 235,904</u>	<u>\$ 18,872</u>	<u>\$ 23,547</u>	<u>\$ 230,209</u>	<u>\$ 576,582</u>

See independent auditor's report.

STATE OF LOUISIANA, PARISH OF ST. MARY

AFFIDAVIT

Mark A. Hebert, Sheriff of St. Mary Parish

BEFORE ME, the undersigned authority, personally came and appeared, Mark A. Hebert, the sheriff of St. Mary Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$230,209.29 is the amount of cash on hand in the tax collector account on June 30, 2017;

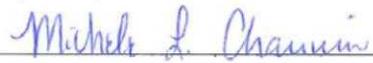
He further deposed and said:

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

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


Signature
Sheriff of St. Mary
(Parish)

SWORN to and subscribed before me, Notary, this 23rd day of October 2017, in my office in the City of Franklin, Louisiana.
(City/Town)

 (Signature)
Michele L. Chauvin (Print), # 137,955
Notary Public
Ex-Officio Notary; expires 6-30-20 (Commission)

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended June 30, 2017

Agency Head Name: Mark A. Hebert, Sheriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 159,540
Benefits - insurance (health)	10,152
Benefits - insurance (life)	476
Benefits - retirement	21,139
Benefits - deferred compensation match	4,511
Per diem	165
Registration fees	50
Conference travel	<u>1,478</u>
Total	<u>\$ 197,511</u>

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER INFORMATION**



**Darnall, Sikes,
Gardes & Frederick.**

(A Corporation of Certified Public Accountants)

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

E. Larry Sikes, CPA/PFS, CVA, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
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Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.

The Honorable Mark A. Hebert
St. Mary Parish Sheriff
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff (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 October 23, 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001, to be a material weakness.

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Compliance and Other Matters

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

St. Mary Parish Sheriff's Response to Finding

The Sheriff's response to the finding identified in our audit is described in the accompanying management's corrective action plan for current year findings. 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
October 23, 2017

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

2016-001 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2017-001.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2017

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Sheriff's financial statements as of and for the year ended June 30, 2017.

Internal Control Deficiencies – Financial Reporting

One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2017-001 in Part 2. We consider this to be a material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2017.

MANAGEMENT LETTER

This section is not applicable for the year ended June 30, 2017.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

The results of our tests disclosed one finding related to the audit of the June 30, 2017 financial statements.

2017-001 Inadequate segregation of accounting functions

Criteria: Best practices for internal controls over accounting functions requires that adequate segregation of accounting functions be maintained.

Condition: Due to the small number of accounting personnel, the Sheriff did not have adequate segregation of functions within the accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2017

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (CONTINUED)

2017-001 Inadequate segregation of accounting functions (CONTINUED)

Recommendation: Based upon the size of the operation and the cost-benefit consideration of additional personnel, it may not be feasible to achieve complete segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: This information is reported in a separate schedule titled "Management's Corrective Action Plan for Current Year Findings".

Part 3: Findings Relating to Federal Programs

At June 30, 2017, the Sheriff did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2017

Response to Finding 2017-001:

The St. Mary Parish Sheriff is aware of the condition and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: Mark A. Hebert, Sheriff



**Darnall, Sikes,
Gardes & Frederick.**

(A Corporation of Certified Public Accountants)

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**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To Mark A. Hebert, St. Mary Parish Sheriff and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Mary Parish Sheriff (Entity) 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 April 1, 2016 through March 31, 2017. The Entity’s management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions noted above.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address all but the exception noted below:

- (2) *how vendors are added to the vendor list.*

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Society of Louisiana
Certified Public Accountants

- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
*Written policies and procedures were obtained and address all but the exception noted below:
(3) legal review.*
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
The St. Mary Parish Sheriff is not required to maintain minutes each month; however, we did note that a meeting does take place each month, and a budget-to-actual comparison takes place at this meeting.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The St. Mary Parish Sheriff is not required to maintain minutes each month; however, we did note that a meeting does take place each month, and a budget-to-actual comparison takes place at this meeting.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The St. Mary Parish Sheriff is not required to maintain minutes each month; however, we did note that a meeting does take place each month, and a budget-to-actual comparison takes place at this meeting.

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

The St. Mary Parish Sheriff is not required to maintain minutes each month; however, we did note that a meeting does take place each month, and a budget-to-actual comparison takes place at this meeting.

Bank Reconciliations

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

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

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

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- 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

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of management review.

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

Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months.

Collections

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

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

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

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

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

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

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

Obtained collection documentation by location for the highest dollar week noting 16 receipts were not deposited within one day of collection. The Law Enforcement Center had two receipts deposited two days after collection, two receipts deposited four days after collection, and one receipt deposited six days after collection. Headquarters had five receipts deposited two days after collection, one receipt deposited three days after collection, one receipt deposited four days after collection, and four receipts deposited five days after collection. Of the eleven receipts received at Headquarters not deposited within one day of collection, nine were credit card deposits in which the entity has no control over the deposit time span.

- 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.

Obtained collection documentation by location noting cash collections are completely supported by documentation.

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

Written policies and procedures were obtained noting the entity has a process specifically designed to determine completeness of collections.

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

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

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

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

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

Examined supporting documentation for each of the 25 disbursements selected and found that all purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions with the exception of two disbursements. In two instances, purchase orders were not required by the St. Mary Parish Sheriff's policy due to the nature of the disbursements.

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

Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval of purchase orders or an electronic equivalent with the exception of two disbursements. In both instances, purchase orders were not required by the St. Mary Parish Sheriff's policy due to the nature of the disbursements.

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

Examined supporting documentation for each of the 25 disbursements and found all payments were processed with proper approval, receiving report (if applicable), and an approved invoice with the exception of the two disbursements that did not contain a purchase order. In both instances, purchase orders were not required by the St. Mary Parish Sheriff's policy due to the nature of the disbursements.

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 person responsible for processing payments does have access to add vendors; however, written approval must be obtained by the CFO before the vendor can be added.

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.

Persons with signatory authority are able to initiate purchases; however, they are restricted from recording 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.

The unused checks are maintained in a locked cabinet and vault; however, office employees have access to the vault.

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.

A signature stamp is occasionally used on letters and is only used with the knowledge and consent of the signer.

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.

Listing of active credit cards, bank debit cards, fuel cards, and the names of the persons who maintain possession of the cards was obtained along with management's representation that the listing is complete.

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

Listing was obtained and randomly selected 10 cards.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of

certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

All monthly statements chosen for testing contained review and approval, in writing, by someone other than the authorized card holder.

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

No finance charges and/or late fees were assessed on the selected statements.

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

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

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

No exceptions noted.

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

No exceptions noted.

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

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.

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

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

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

Policies were obtained and comply with the Louisiana State Employees Travel Regulations.

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.

Expense documentation was compared to written policies, and it appears each expense tested was reimbursed in accordance with written policy.

- b) Report whether each expense is supported by:

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

Itemized receipts were not applicable in any instance tested because all items tested were per diem amounts.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

One instance was noted where the documentation was not approved in writing.

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.

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

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

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

There was one instance noted where a formal written contract could not be provided.

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

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

For the four out of the five contracts obtained, no noncompliance noted.

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

There were two instances where the entity 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.

One contract was amended to increase the number of licenses on the contract. The original terms of the contract provided for the amendment.

- 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.

For the four out of the five contracts obtained, no noncompliance 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).

For the four out of the five contracts obtained, proper approval was noted.

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:

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

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

No exceptions noted.

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

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.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

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

Debt Service (excluding nonprofits)

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

State Bond Commission approval was obtained.

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

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

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

Not applicable.

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.

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

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

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

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

No exceptions noted

We were not engaged to 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 Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

October 13, 2017

Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Written Policies and Procedures

1. b) Management plans a review of the St. Mary Parish Sheriff's financial policies and procedures in the 2017-2018 fiscal year. Purchasing, including (2) how vendors are added to the vendor list will be reviewed for inclusion in the revised policies and procedures.
1. f) Management plans a review the St. Mary Parish Sheriff's financial policies and procedures in the 2017-2018 fiscal year. Contracting, including (3) legal review will be reviewed for inclusion in the revised policies and procedures.

Collections

6. c) The St. Mary Parish Sheriff processes deposits every day for clarity of receipt and location. In addition, the St. Mary Parish Sheriff has no control over the deposit time span for credit card deposits.

Disbursements – General

9. Management plans a review to the St. Mary Parish Sheriff's financial policies and procedures in the 2017-2018 fiscal year. The following disbursement policies and procedures will be reviewed and enforced for compliance:
 - a) the use of a requisition/purchase order system or an electronic equivalent system to separate purchase initiation from approval functions
 - b) obtaining appropriate approval of purchase orders, or an electronic equivalent, by a person who did not initiate the purchase, and
 - c) processing payments with 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.
12. Management plans a thorough review and update to the St. Mary Parish Sheriff's financial policies and procedures in the 2017-2018 fiscal year. Disbursement policies and procedures including restriction of access to the supply of unused checks to persons that do not have signatory authority will be reviewed and enforced for compliance.

Travel and Expense Reimbursement

19. d) Management believes that this was an unintentional error in oversight.

Contracts

21. a) Management believes that this was an unintentional error in oversight.

21. b) Management plans a review and update to the St. Mary Parish Sheriff's financial policies and procedures in the 2017-2018 fiscal year. Contract policies and procedures including soliciting quotes as a best practice will be reviewed and enforced for compliance.