

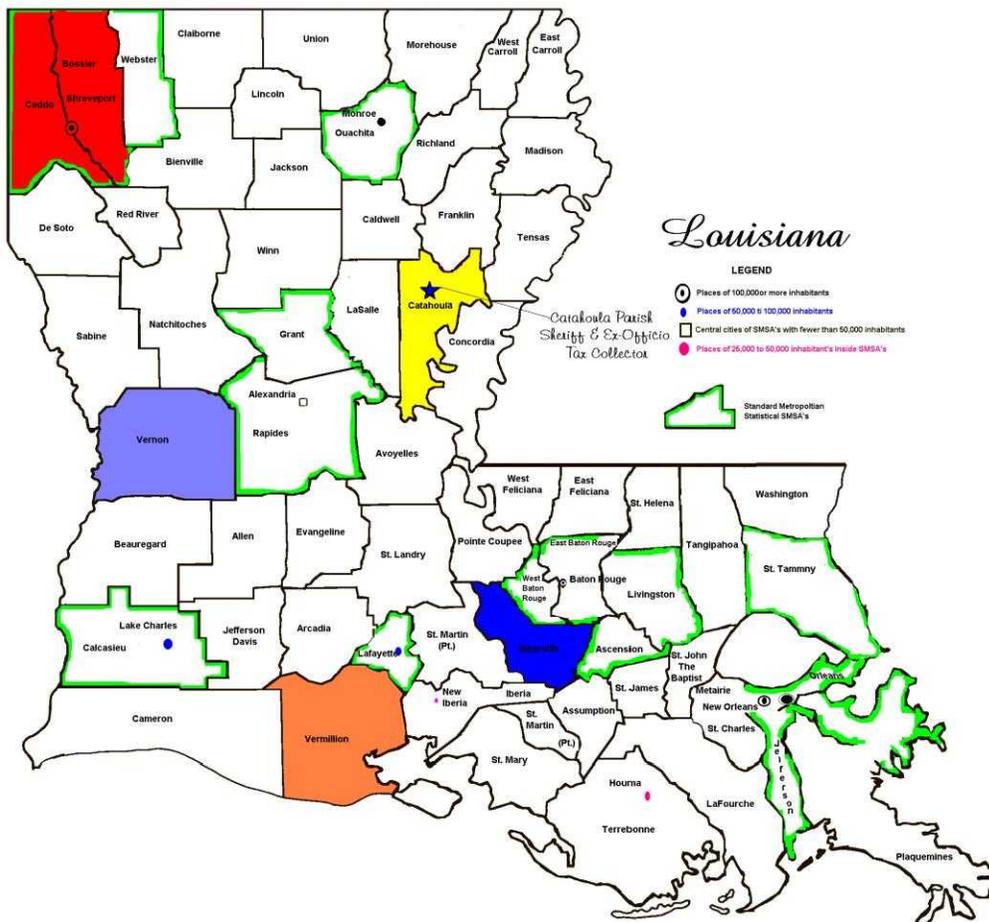
**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

Annual Financial Statements

JUNE 30, 2017

CATAHOULA PARISH SHERIFF

Harrisonburg, Louisiana



* As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas. As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations, serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera, and provides assistance to other law enforcement agencies within the parish.

CATAHOULA PARISH SHERIFF
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John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

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Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Honorable Toney J. Edwards, Sheriff
Catahoula Parish Sheriff
Harrisonburg, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and aggregate remaining fund information of the Catahoula Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Catahoula Parish 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.

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

Opinions

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

Emphasis of Matter

As disclosed in the notes and statements, the total net pension liability and the other post-employment benefits (OPEB) liability was \$3,318,703 and \$3,382,965 respectively as of June 30, 2017. The actuarial valuation was based on various assumptions made by the actuaries. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the net pension liability and OPEB liability at June 30, 2017, could be under or overstated.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Catahoula Parish Sheriff's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was 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 Schedule of Compensation Benefits and

Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of the Catahoula 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 Catahoula Parish Sheriff's internal control over financial reporting and compliance.

The Vercher Group

November 6, 2017
Jena, Louisiana

CATAHOULA PARISH SHERIFF
Toney J. Edwards-Sheriff

PO Box 655
Harrisonburg, Louisiana 71340
Tel: (318) 744-5411
Fax: (318) 744-5568

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Sheriff's Department, we offer readers of the Catahoula Parish Sheriff's financial statements this narrative overview and analysis of the financial activities of the Sheriff's Department for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Sheriff's Department's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The liabilities of the Sheriff's Department exceeded its assets at the close of the most recent fiscal year by \$4,167,789 (*net position*). This is a \$500,116 decrease from last year.
- The Sheriff's Department had total revenue of \$5,755,039, in which \$2,978,793 came from reimbursement revenue sources. This is a \$125,338 increase from last year's revenues, mainly due to an increase of \$143,572 in fees and charges revenues.
- The Sheriff's Department had total expenditures of \$5,924,985. This is a \$120,849 increase from last year, mainly due to an increase in administrative and prison/prisoner expense in the amount \$126,131.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Sheriff's Department's basic financial statements. The Sheriff's Department's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Sheriff is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Sheriff adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff's Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Sheriff's Department's annual report consists of financial statements that show information about the Sheriff's Department's funds, the governmental fund.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Sheriff's Department's Most Significant Funds

The Sheriff's Department's financial statements provide detailed information about the most significant funds. The Sheriff's Department may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

MD&A

Comparative Statement of Net Position as of June 30, 2017 - Governmental Funds

Assets	<u>2016</u>	<u>2017</u>	<u>% Change</u>
Cash & Investments	\$ 1,109,810	\$ 857,900	-22.7
Receivables	108,098	99,952	-7.5
Capital Assets, Net of Accumulated Depreciation	<u>335,856</u>	<u>326,385</u>	-2.8
Total Assets	<u>1,553,764</u>	<u>1,284,237</u>	-17.3
 Deferred Outflow of Resources Pension Fund Related	 703,433	 1,703,742	 142.2
 Liabilities & Net Position			
Accounts, Salaries, & Other Payables	136,919	46,809	-65.8
OPEB Liability	2,798,081	3,318,703	18.6
Net Pension Liability	<u>2,367,891</u>	<u>3,382,965</u>	42.9
Total Liabilities	<u>5,302,891</u>	<u>6,748,477</u>	27.3
 Deferred Inflow of Resources Pension Fund Related	 621,979	 407,291	 -34.5
 Net Position			
Net Investment in Capital Assets	335,856	326,385	-2.8
Unrestricted	<u>(4,003,529)</u>	<u>(4,494,174)</u>	12.3
Total Net Position	<u>\$ (3,667,673)</u>	<u>\$ (4,167,789)</u>	13.6

Comparative Changes in Fund Balances for the Year Ended June 30, 2017 - Governmental Funds

Revenues	<u>2016</u>	<u>2017</u>	<u>% Change</u>
Fees, Fines, & Charges	\$ 180,960	\$ 332,679	83.8
Taxes	1,947,731	2,035,998	4.5
Intergovernmental	395,561	363,070	-8.2
Reimbursement	3,023,113	2,978,793	-1.5
Grants	54,681	20,382	-62.7
Miscellaneous	<u>27,655</u>	<u>24,117</u>	-12.8
Total Revenues	<u>5,629,701</u>	<u>5,755,039</u>	2.2
 Expenditures			
Administration & Prisoner Expense	5,598,382	5,724,513	2.3
Repairs & Maintenance	83,767	86,048	2.7
Capital Outlay	94,896	99,852	5.2
Other Expenditures	<u>27,091</u>	<u>14,572</u>	-46.2
Total Expenditures	<u>5,804,136</u>	<u>5,924,985</u>	2.1
 Increase (Decrease) in Fund Balances	 (174,435)	 (169,946)	 -2.6
 Beginning Fund Balances	 <u>1,255,424</u>	 <u>1,080,989</u>	 -13.9
Ending Fund Balances	<u>\$ 1,080,989</u>	<u>\$ 911,043</u>	-15.7

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2017, the Sheriff's Department had \$326,385 invested in capital assets, including vehicles, furniture, and equipment.

	<u>2016</u>	<u>2017</u>
Equipment	\$ 1,556,513	\$ 1,656,365
Accumulated Depreciation	<u>(1,220,891)</u>	<u>(1,329,980)</u>
Total Net Position	<u>\$ 335,622</u>	<u>\$ 326,385</u>

CONTACTING THE SHERIFF'S DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Sheriff's Department's finances and to show that the Sheriff's Department's accountability for the money it receives. If you have questions about this report or need additional information, contact Robert Swayze, Chief Civil Deputy at the Sheriff's Department, phone number (318) 744-5411.

Basic Financial Statements

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Statement of Net Position
June 30, 2017**

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash	\$ 597,483
Investments	260,417
Receivables	99,952
Capital Assets (Net of Accumulated Depreciation)	326,385
TOTAL ASSETS	1,284,237
DEFERRED OUTFLOW OF RESOURCES	
PENSION FUND RELATED	1,703,742
LIABILITIES	
Accounts, Salaries, & Other Payables	46,809
OPEB Liability	3,318,703
Net Pension Liability	3,382,965
TOTAL LIABILITIES	6,748,477
DEFERRED INFLOW OF RESOURCES	
PENSION FUND RELATED	407,291
NET POSITION	
Net Investment in Capital Assets	326,385
Unrestricted	(4,494,174)
TOTAL NET POSITION	\$ (4,167,789)

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017**

	PROGRAM REVENUES				NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS
EXPENSES	FEES, FINES, & CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
GOVERNMENTAL ACTIVITIES					
Public Safety	\$ (6,462,204)	\$ 332,679	\$ -0-	\$ 20,382	\$ (6,109,143)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ (6,462,204)</u>	<u>\$ 332,679</u>	<u>\$ -0-</u>	<u>\$ 20,382</u>	<u>\$ (6,109,143)</u>
			GENERAL REVENUES		
			Taxes	2,035,998	
			Intergovernmental	363,070	
			Reimbursement	2,978,793	
			Pension Related	207,049	
			Miscellaneous	24,117	
			TOTAL GENERAL REVENUES	<u>5,609,027</u>	
			CHANGE IN NET POSITION	(500,116)	
			NET POSITION - BEGINNING	(3,667,673)	
			NET POSITION - ENDING	<u>\$ (4,167,789)</u>	

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2017**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 597,483
Investments	260,417
Receivables	99,952
TOTAL ASSETS	957,852
 LIABILITIES	
Accounts, Salaries, and Other Payables	46,809
TOTAL LIABILITIES	46,809
 FUND BALANCE	
Unassigned	911,043
TOTAL LIABILITIES & FUND BALANCE	\$ 957,852

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2017**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 911,043
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.		
	Capital Assets	1,656,365
	Less Depreciation	<u>(1,329,980)</u>
		326,385
Deferred inflows and outflows of resources are not recognized in the fund balance of Governmental Funds Statement.		
	Pension Related Inflows	(407,291)
	Pension Related Outflows	<u>1,703,742</u>
		1,296,451
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		
	OPEB Liability	(3,318,703)
	Net Pension Liability	<u>(3,382,965)</u>
		<u>(6,701,668)</u>
Net Position of Governmental Activities (Statement A)		\$ <u>(4,167,789)</u>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017**

	GOVERNMENTAL ACTIVITIES
REVENUES	
Fees & Charges	\$ 252,026
Taxes	2,035,998
Fines	80,653
Intergovernmental	363,070
Reimbursement	2,978,793
Grants	20,382
Miscellaneous	24,117
TOTAL REVENUES	5,755,039
 EXPENDITURES	
Administration	2,705,320
Prison/Prisoner Expense	3,019,193
Repairs & Maintenance	86,048
Capital Outlay	99,852
Other Expenditures	14,572
TOTAL EXPENDITURES	5,924,985
 NET CHANGE IN FUND BALANCE	(169,946)
 FUND BALANCES-BEGINNING	1,080,989
FUND BALANCES-ENDING	\$ 911,043

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2017**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (169,946)

Governmental funds report pension outlays as expenditures. However, in the Statement of Activities, the cost is based on various assumptions made by the pension fund's actuary. Governmental funds do not recognize employee contributions to the pension fund as revenue.

Difference in pension expenditures and pension expense	(7,360)	
Pension related revenue	<u>207,049</u>	199,689

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

Capital Outlay	99,852	
Deleted Assets	-0-	
Depreciation Expense	<u>(109,089)</u>	(9,237)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in OPEB Liability	(520,622)	
Principal Paid	-0-	
Loan Proceeds	<u>-0-</u>	<u>(520,622)</u>

Changes in Net Position of Governmental Activities, Statement B \$ (500,116)

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Statement of Fiduciary Net Position
June 30, 2017**

	<u>CIVIL FUND</u>	<u>TAX COLLECTION FUND</u>	<u>BOND FUND</u>	<u>TOTAL</u>
ASSETS				
Cash & Cash Equivalents	\$ 54,832	\$ -0-	\$ 161,938	\$ 216,770
Investments	-0-	-0-	-0-	-0-
Accounts Receivable	5,599	-0-	42,175	47,774
TOTAL ASSETS	<u>60,431</u>	<u>-0-</u>	<u>204,113</u>	<u>264,544</u>
LIABILITIES				
Held for Others Pending Court Action	60,431	-0-	204,113	264,544
Held for Taxing Bodies	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	<u>60,431</u>	<u>-0-</u>	<u>204,113</u>	<u>264,544</u>
NET POSITION	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

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

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through 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, parish occupational licenses, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

The Sheriff also has a cooperative endeavor agreement with the State of Louisiana to operate a prison.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Sheriff is an independently elected official; however, the sheriff is fiscally dependent on the Catahoula Parish Police Jury. The police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides funds for equipment and furniture of the sheriff's office. Because the sheriff is fiscally dependent on the police jury, the Sheriff was determined to be a component unit of the Catahoula Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

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

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Sheriff as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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

Fund Financial Statements (FFS)

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

The Sheriff reports the following major governmental fund:

The *General Fund* is the primary operating fund of the Sheriff. It accounts for all financial resources except those that are required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Additionally, the Sheriff reports the following fund types:

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (asset equal liabilities) and do not involve measurement of results of operation. Consequently, the agency funds have no measurement focus, and use the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

D. BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances Reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and commissions earned from the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on September 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues are recorded when the Sheriff is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the income is available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Substantially all other revenues are recorded when received.

Expenditures

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

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The Sheriff has implemented GASB Statement 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 the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. 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;

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- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition.

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

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from sheriff users as a fee for services; program revenues reduce the cost of the function to be financed from the Sheriff's general revenues.

E. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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 laws of the United States.

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F. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. The Sheriff's office had a capitalization policy of \$2,500.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	7-10 Years
Vehicles	7-10 Years

H. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Sheriff, which are either unusual in nature or infrequent in occurrence.

I. INTERFUND TRANSACTIONS

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

J. ESTIMATES

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

**CATAHOULA PARISH SHERIFF
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(2) AD VALOREM TAXES

The Sheriff levies taxes on real and business personal property located within its boundaries. The Sheriff utilizes the services of the Catahoula Parish Tax Assessor to assess the property values and prepare the Sheriff's property tax roll. The Sheriff bills and collects its own property taxes.

Property Tax Calendar	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On Or About October 15
Total Taxes Are Due	December 31
Penalties And Interest Are Added	January 1
Lien Date	January 1

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Law Enforcement	27.96	27.96	N/A

(3) CASH & INVESTMENTS – (CERTIFICATES OF DEPOSIT IN EXCESS OF 90 DAYS)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the Sheriff's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Sheriff's deposits are categorized to give an indication of the level of risk assumed by the Sheriff at year end. The categories are describes as follows:

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- *Category 1* – Insured or collateralized with securities held by the Sheriff or by its agent in the Sheriff’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Sheriff’s name.
- *Category 3* Uncollateralized.

	<u>Concordia</u>	<u>Catahoula LaSalle</u>	<u>Southern Heritage</u>	<u>Total</u>
Bank Balances	\$ 557,274	\$ 668,764	\$ 4,858	\$ 1,230,896
Secured As Follows				
FDIC (<i>Category 1</i>)	250,000	500,000	4,858	754,858
Securities (<i>Category 2</i>)	440,477	3,058,710	-0-	3,499,187
Total	\$ 690,477	\$ 3,558,710	\$ 4,858	\$ 4,254,045

All deposits were fully secured as of June 30, 2017.

(4) RECEIVABLES

The receivables of \$99,952 at June 30, 2017, are as follows:

<u>Class of Receivables</u>	
Accounts & Taxes Receivable	\$ 84,898
Intergovernmental	15,054
Total	\$ 99,952

Allowance for doubtful accounts is considered not material and is not presented.

(5) CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance 07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
General Fund Capital Assets	\$ 1,429,566	\$ 99,852	\$ -0-	\$ 1,529,418
Correctional Center Capital Assets	126,947	-0-	-0-	126,947
Total Fixed Assets	1,556,513	99,852	-0-	1,656,365
General Fund	(1,093,944)	(109,089)	-0-	(1,203,033)
Correctional Center	(126,947)	-0-	-0-	(126,947)
Total Accumulated Depreciation	(1,220,891)	(109,089)	-0-	(1,329,980)
Capital Assets, Net	\$ 335,622	\$ (9,237)	\$ -0-	\$ 326,385

**CATAHOULA PARISH SHERIFF
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(6) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (PENSIONS):

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

Basis of Accounting:

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

Fund Employees:

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

Plan Fiduciary Net Position:

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

A. PLAN DESCRIPTION:

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

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

Retirement Benefits:

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

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

For a member whose first employment making 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 a member 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.

For a member 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.

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Disability Benefits:

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

Survivor Benefits:

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

Deferred Benefits:

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

Back Deferred Retirement Option Plan (Back-DROP):

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

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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 roll over the assets to another qualified plan.

Cost of Living Adjustments:

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

B. EMPLOYER CONTRIBUTIONS:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 13.75% with an additional -0% allocated from the Funding Deposit Account. Employer contributions for the year ended June 30, 2016 were \$93,996,292.

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.

C. SCHEDULE OF EMPLOYER ALLOCATIONS:

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

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

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D. SCHEDULE OF PENSION AMOUNTS BY EMPLOYER:

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

E. ACTUARIAL METHODS AND ASSUMPTIONS:

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

The components of the net pension liability of the Fund's employers as of June 30, 2016, are as follows:

	<u>2016</u>
Total Pension Liability	\$ 3,545,155,452
Plan Fiduciary Net Position	<u>(2,910,465,956)</u>
Total Net Position Liability	<u>\$ 634,689,496</u>

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.7%, net of investment expense
Discount Rate	7.6%
Projected Salary Increases	5.5% (2.875% Inflation, 2.625% Merit)
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex District Table for active members, healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table
Expected Remaining Service Lives	2016 - 7 years 2015 - 6 years 2014 - 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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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.

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

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

F. SENSITIVITY TO CHANGES IN DISCOUNT RATE:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016.

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	Changes in Discount Rate:		
	2016		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$1,076,815,425	\$634,689,496	\$269,766,988

G. CHANGE IN NET PENSION LIABILITY:

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

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources as of June 30, 2016, as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	June 30, 2016	
				Deferred Outflows	Deferred Inflows
2016	\$ -	\$ 30,213,211	\$ (4,316,173)	\$ -	\$ 25,897,038
2015	-	20,191,964	(4,038,393)	-	16,153,571
2014	\$ -	\$ 32,695,062	\$ (8,173,766)	-	24,521,296
			Totals	\$ -	\$ 66,571,905

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred inflow of resources as of June 30, 2016, as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	June 30, 2016		
				Deferred Outflows	Deferred Inflows	Net Deferred Outflows
2016	\$ 232,843,968	\$ -	\$ 46,568,794	\$ 186,275,174	\$ -	\$ 186,275,174
2015	87,047,497	-	21,761,874	\$ 65,285,623	-	65,285,623
2014	\$ -	138,903,977	\$ (46,301,326)	-	92,602,651	(92,602,651)
			Totals	\$ 251,560,797	\$ 92,602,651	\$ 158,958,146

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the pension plan. The changes of assumptions resulted in deferred outflows of resources and as of June 30, 2016, as follows:

			June 30, 2016			
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	
2016	\$ 39,348,710	\$ -	\$ 5,621,244	\$ 33,727,466		
2015	786,746	-	131,124	524,498	\$	-
2014	\$ 29,333,668	\$ -	\$ 5,866,734	17,600,199		-
			Totals	\$ 51,852,163	\$	-

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in proportion are presented in the Schedule of Pension Amounts by Employer as deferred outflows or deferred inflows.

H. CONTRIBUTIONS-PROPORTIONATE SHARE:

Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

I. ESTIMATES:

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

J. PENSION EXPENSE:

Pension expense recorded for the fiscal year ended June 30, 2017, was \$525,416.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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K. EMPLOYER BALANCES OF DEFERRED OUTFLOW AND INFLOW OF RESOURCES

Deferred Outflows	\$327,938,483
Deferred Inflows	\$83,700,079

Remaining Deferred Outflows/Inflows of Resources:

	2016	2017	2018	2019	2020
Remaining Deferred Outflows/(Inflows) of Resources, per ER Pension Report	\$ (195,555)	\$ (195,555)	\$ (195,555)	\$ (195,555)	\$ (195,555)
Plus: Employer Specific Amounts- Differences in contributions & proportionate share	<u>59,016</u>	<u>59,016</u>	<u>59,016</u>	<u>59,016</u>	<u>47,811</u>
Disclosure of deferred outflows/inflows to be recognized over the next 5 years & thereafter	\$ <u>(136,539)</u>	\$ <u>(136,539)</u>	\$ <u>(136,539)</u>	\$ <u>(136,539)</u>	\$ <u>(147,744)</u>

M. FUNDING POLICY:

Plan members are required by state statute to contribute 10 percent of their annual covered salary and the Catahoula Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 14.25 percent for the employer and 10.25 percent for the employee on covered payroll of \$3,769,677. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds are required and available from insurance premium taxes. The contribution requirements of plan members and the Catahoula Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The total contributions to the System for the year ending June 30, 2017, was \$518,290 paid by the employer and \$372,805 paid by the employees, which is equal to the required contributions for the year.

N. RETIREMENT FUND AUDIT REPORT:

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

(7) NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION (ASSET)

Post-Employment Benefits

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

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 12 years of service; or, 30 years of service at any age. Employees first eligible for the retirement system on or after January 1, 2012, are eligible for retirement (D.R.O.P. entry) as follows: age 62 and 12 years of service; or, age 60 and 20 years of service; or age 55 and 30 years of service. At least 15 years of service with Catahoula Parish Sheriff's Office is required for retiree medical benefits.

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees but not for dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trends were used for dental insurance.

Life insurance coverage is continued to retirees by election. The employer pays for the first \$10,000 of life insurance after retirement for the retiree and the retirees pay for the volume in excess of \$10,000. However, both the employer and retiree rates are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

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

Fund Policy – Until 2009, the Catahoula Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Catahoula Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2015, the Catahoula Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$183,451 and \$99,490, respectively.

Effective July 1, 2009, the Catahoula Parish Sheriff implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The Catahoula Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 356,901	\$ 343,174
30-year UAL amortization amount	411,738	395,902
Annual required contribution (ARC)	\$ 768,639	\$ 739,076

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

	2017	2016
Beginning Net OPEB Obligation	\$ 2,798,081	\$ 2,283,165
Annual required contribution	768,639	739,076
Interest on Net OPEB Obligation	111,923	91,327
ARC Adjustment	(161,813)	(132,036)
OPEB Cost	718,749	698,367
Contribution	-	-
Current year retiree premium	(198,127)	(183,451)
Change in Net OPEB Obligation	520,622	514,916
Ending Net OPEB Obligation	\$ 3,318,703	\$ 2,798,081

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2017	\$718,749	27.57%	\$3,318,703
June 30, 2016	\$698,367	26.27%	\$2,798,081

Funded Status and Funding Progress – In 2017 and 2016, the Catahoula Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016, actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$7,119,776 which is defined as that portion, as determined by a particular actuarial cost method (the Catahoula Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

	2017	2016
Actuarial Accrued Liability (AAL)	\$ 7,404,567	\$ 7,119,776
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 7,404,567	\$ 7,119,776
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 3,930,211	\$ 3,769,677
UAAL as a percentage of covered payroll	188.40%	188.87%

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

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

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

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

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7%. In addition, we have assumed an additional 60% turnover for "Corrections" employees with less than two years of service.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Post Employment Benefit Plan Eligibility Requirements – Historically, employees have entered D.R.O.P. after age 55 and 20 years of service, or age 65 and 15 years of service. As noted above, however, employees first entering the retirement system on or after January 1, 2012, must have at least 30 years of service to retire at age 55. We have therefore assumed that employees retire three years after that historical retirement age as just described. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement.

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

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

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

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates required by GASB Codification Section P50 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility

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

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

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

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

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 552,973	\$ 698,367	\$ 718,749
Contribution	-	-	-
Retiree premium	107,449	183,451	198,127
Total contribution and premium	107,449	183,451	198,127
Change in net OPEB obligation	\$ 445,524	\$ 514,916	\$ 520,622
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	19.43%	26.27%	27.57%

(8) ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$46,809 at June 30, 2017 are as follows:

Prison Expense	\$ 45
Salaries	24,942
Retirement/Health Ins.	7,800
Accounts	14,022
Total	\$ 46,809

(9) SHORT-TERM DEBT

GASB Statement No. 38 requires details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans.

- a. A schedule of changes in short-term debt, disclosing beginning and end-of-year balances, increases, and decreases is as follows:

Beginning Debt	Increases	Decreases	Ending Debt
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

- b. The purpose for which the short-term debt being issued was for operating purposes.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(10) CHANGES IN AGENCY FUND BALANCES

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

	Balance 7-1-16	Additions	Reductions	Balance 6-30-17
Civil Fund	\$ 77,364	\$ 238,045	\$ (254,978)	\$ 60,431
Tax Collector Fund	-0-	3,853,085	(3,853,085)	-0-
Bond Fund	221,269	420,110	(437,266)	204,113
Total	\$ 298,633	\$ 4,511,240	\$ (4,545,329)	\$ 264,544

(11) TAX COLLECTOR ENDING CASH BALANCE

At June 30, 2017, the tax collector has cash and equivalents (book balances) totaling \$-0- as follows:

Ad valorem taxes	\$ -0-
Protest taxes	-0-
Total	\$ -0-

(12) AD VALOREM TAXES COLLECTED

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2017, by taxing the body as follows:

	Collections This Period
Sheriff	\$ 1,083,388
School Board	928,275
Police Jury	834,536
Assessor	302,618
Tensas Basin District	101,759
Larto Recreational District	30,863
Enterprise Recreational District	37,215
Fire District #1	15,271
Fire District #2	27,360
Fire District #4	76,875
Fire District #5	23,601
Forestry Commission	12,528
Maitland Recreational District	8,619
Hospital District # 2	5,940
Louisiana Tax Commission	2,132
Total	\$ 3,490,980

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(13) TAX UNCOLLECTED AND UNSETTLED

At June 30, 2017, the tax collector had the following uncollected and/or unsettled taxes:

The balance is broken down as follows:

Protested	\$	-0-
No Owner Found		-0-
Pending Before Tax Commission		-0-
Total	\$	<u>-0-</u>

(14) SALES TAX

Voters passed a 1% sales and use tax to levy in perpetuity with the proceeds to be used to pay costs and expenses of operating and supporting the Catahoula Parish Sheriff's Office.

(15) DEFICIT IN NET POSITION

At June 30, 2017, the OPEB liability, net pension liability, other liabilities, and deferred inflows exceeded total assets and deferred outflows by \$3,906,335.

Required Supplemental Information

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Governmental Funds
Schedule of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCES FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fees & Charges	\$ 81,000	\$ 95,615	\$ 252,026	\$ 156,411
Taxes	1,945,000	2,040,000	2,035,998	(4,002)
Fines	60,000	80,000	80,653	653
Intergovernmental Reimbursement	3,555,000	3,664,233	363,070	(3,301,163)
Loan Proceeds	-0-	-0-	2,978,793	2,978,793
Grants	-0-	-0-	20,382	20,382
Insurance Proceeds	-0-	-0-	-0-	-0-
Miscellaneous	167,000	232,000	24,117	(207,883)
TOTAL REVENUES	<u>5,808,000</u>	<u>6,111,848</u>	<u>5,755,039</u>	<u>(356,809)</u>
EXPENDITURES				
Administration	2,831,505	3,179,000	2,705,320	473,680
Prison/Prisoner Expense	3,100,000	3,061,000	3,019,193	41,807
Repairs & Maintenance	-0-	-0-	86,048	(86,048)
Debt Service	-0-	-0-	-0-	-0-
Capital Outlay	100,000	99,850	99,852	(2)
Other Expenditures	100,000	33,000	14,572	18,428
TOTAL EXPENDITURES	<u>6,131,505</u>	<u>6,372,850</u>	<u>5,924,985</u>	<u>447,865</u>
NET CHANGE IN FUND BALANCE	<u>\$ (323,505)</u>	<u>\$ (261,002)</u>	(169,946)	<u>\$ 91,056</u>
FUND BALANCE AT BEGINNING OF YEAR			1,080,989	
FUND BALANCE AT END OF YEAR			<u>\$ 911,043</u>	

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Catahoula Parish Sheriff's Office during the month of June for comments from taxpayers. The budget is then legally adopted by the sheriff and amended during the year, as necessary. The budget is established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Schedule of the Employer's
Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the NPL (percentage)	.53%	.53%	.54487%
Employer's proportionate share of the NPL (amount)	\$3,382,965	\$2,367,891	\$2,156,171
Employer's covered-employee payroll	\$3,637,123	3,512,477	\$3,300,441
Employer's proportionate share of the NPL as a percentage of its covered-employee payroll	93.01%	67.41%	65.33%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	86.61%	87.34%

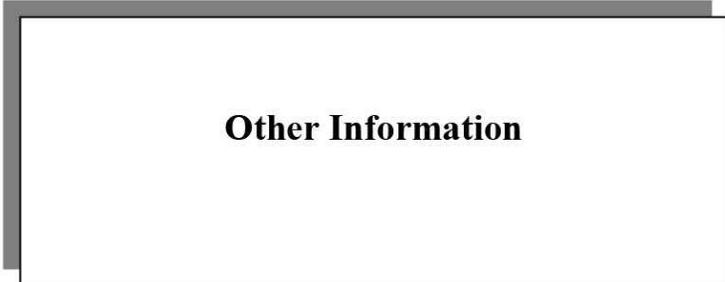
The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Schedule of Employer Contributions
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$708,062	\$873,580	\$808,720
Contributions in relation to the statutorily required contributions	\$708,062	\$873,580	\$808,720
Contribution deficiency (excess)	-0-	-0-	-0-
Employer's covered-employee payroll	\$2,890,049	\$3,512,477	\$3,300,441
Contributions as a percentage of covered-employee payroll	24.5%	24.87%	24.5%

*Note: covered payroll used is during the measurement period.

The accompanying notes are an integral part of this statement.



Other Information

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017**

Sheriff- Honorable Toney J. Edwards

Purpose	Amount
Salary	\$ 159,540
Benefits-Insurance	8,072
Benefits-Retirement	21,139
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

STATE OF LOUISIANA, PARISH OF CATAHOULA

AFFIDAVIT

Toney J. Edwards, Sheriff of Catahoula Parish

BEFORE ME, the undersigned authority, personally came and appeared, Toney J. Edwards, the Sheriff of Catahoula Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$-0- 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.

Toney Edwards
Signature
Sheriff of Catahoula Parish

SWORN to and subscribed before me, Notary, this 13 day of November

2017, in my office in Harrison Louisiana.

Emma S. Haller 88674

(Signature)

**Other
Reports**

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MEMBERS

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

Honorable Toney J. Edwards, Sheriff
Catahoula Parish Sheriff
Harrisonburg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and aggregate remaining fund information of the Catahoula Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Catahoula Parish Sheriff's basic financial statements, and have issued our report thereon dated November 6, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: **(2017-1 Old Outstanding Checks, 2017-3 Receipt Books)**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Catahoula Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the Schedule of Findings and Questioned Costs as items: **(2017-2 Budget Variances)**.

The Catahoula Parish Sheriff's Response to Findings

The Catahoula Parish Sheriff's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Catahoula Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

November 6, 2017
Jena, Louisiana

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2017**

We have audited the basic financial statements of the Catahoula Parish Sheriff as of and for the year ended June 30, 2017 and have issued our report thereon dated November 6, 2017. We conducted our audit in accordance with generally accepted auditing standards 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.

Section I Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not-Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion On Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

2017-1 OLD OUTSTANDING CHECKS

Condition: The entity has \$11,862 in outstanding checks that are more than six months old in its agency funds.

Criteria: Not clearing old outstanding checks on a regular basis can result in the issuance of financial statements that understates cash.

Cause of Condition: Not correcting the bank reconciliation.

Potential Effect of Condition: Understatement of cash in the financial statements.

Recommendation: The old outstanding checks should be added back to the books and reconciled bank balance, reissued to the payee or sent the State Unclaimed Property.

Client Response: The Sheriff will have their civil department make the necessary adjustments.

2017-2 BUDGET VARIANCE

Condition: The Catahoula Parish Sheriff had an unfavorable revenue variance of \$356,809 or 5.8% in its general fund budget for the year ended June 30, 2017.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: The Sheriff's Office did not budget enough DOC payments to the Sheriff's office that are paid to the prison.

Potential Effect of Condition: The general fund having an unfavorable revenue variance and violating the Budget Act.

Recommendation: The Sheriff's Office should amend its budget when there is an unfavorable variance of more than 5%.

Client Response: The management of the Sheriff's Office will amend the budget when there is an unfavorable Variance of more than 5%.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings *(continued)*

2017-3 RECEIPT BOOKS

Condition: During the test of a random sample of receipts, we found that the office utilizes many different receipt books with different numerical sequences or ranges.

Criteria: Good internal controls require that receipt books be numbered in sequential order.

Cause of Condition: The office using multiple receipt books.

Potential Effect of Condition: Weak internal controls over cash collections.

Recommendation: The office should use receipt books that are sequentially numbered.

Client Response: The office has discontinued taking cash and will begin using two sequentially numbered receipt books, one for upstairs and the other for downstairs.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Sheriff's Office's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

**CATAHOULA PARISH SHERIFF
HARRISONBURG, LOUISIANA**

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Catahoula Parish Sheriff, Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2016.

PRIOR YEAR FINDINGS:

2016-1 Deposits in Excess of FDIC & Pledged Securities Coverage (Internal Control) (Resolved)

Condition: Bank deposits at Concordia Bank were under secured by \$452,174.05 as of June 30, 2016.

Criteria: State law requires banks to pledge securities to secure account balances in excess of FDIC coverage.

Cause of Condition: Oversight by bank.

Potential Effect of Condition: Loss to the Sheriff's Department in the event of bank failure.

Recommendation: The Sheriff's accounting department should contact the bank periodically to determine that account balances are properly secured.

Client Response and Corrective Action: The Sheriff's accounting department will periodically contact the bank to determine that bank accounts are fully secure.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
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AGREED-UPON PROCEDURES REPORT

Catahoula Parish Sheriff

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2016- June 30, 2017

Catahoula Parish Sheriff

Harrisonburg, Louisiana

We have performed the procedures enumerated below, which were agreed to by Catahoula Parish Sheriff (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) area identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 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
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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
 - 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
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - 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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: We obtained a copy of the entity's written policies and procedures and tested it for the above items. All of the above items were found in the written policies and procedures manual.

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.

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

Not applicable.

Bank Reconciliations

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

Observation: We obtained a list of bank accounts on our bank confirmation and management's representation that the list 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;
 - 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
 - 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.

Observation: We tested all the bank accounts for the following items:

- A) Bank reconciliations were prepared for all accounts that had activity.
- B) Bank reconciliations did not include evidence that a member of management with no involvement in transactions associated with the bank accounts has reviewed the bank reconciliations.
- C) Inquiry found that the entity periodically researches outstanding items that or more than 6 months old in the general fund but not the agency funds.

Exception: Bank reconciliations did not include evidence that a member of management with no involvement in transactions associated with the bank accounts has reviewed the bank reconciliations. The agency funds have checks outstanding that are more than 6 months old.

Management's Response: Future bank reconciliations will include evidence that a member of management with no involvement in transactions associated with the bank accounts has

reviewed the bank reconciliations. The civil department will work to clear old outstanding checks.

Collections

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

Observation: Management provided a list of collection locations and 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.

Observation: Each employee collecting cash is (1) not bonded, (2) is responsible for depositing cash in the bank or reconciling the related bank account per policy manual and (3) not required to not share the same cash drawer with another employee.

Exception: The policy manual does not require employees collecting cash to (1) be bonded, (2) not be responsible for depositing cash in the bank, recording the related transactions, or reconciling the related bank account and (3) not share the same cash drawer with another employee.

Management's Response: Management does not believe there is a cost/benefit factor to implement this procedure.

- 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.

Observation: The policy manual does not have a formal process to reconcile cash collections to the general ledger by a person not responsible making the deposits.

Exception: The policy manual does not have a formal process to reconcile cash collections to the general ledger by a person not responsible making the deposits.

Management's Response: Management does not believe there is a cost/benefit factor to implement this procedure.

- 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.

- 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.

Observation: We selected the week of January 29, 2017 and traced the deposit slip to the financial records and to the bank account.

We tested a random sample of receipts to the books and records.

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.

Observation: The entity's policy manual does not address segregation of duties for employees collecting receipts and recording collections.

Exception: The entity's policy manual does not address segregation of duties for employees collecting receipts and recording collections.

Management's response: Management does not believe there is a cost/benefit factor to implement this procedure.

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.

Observation: We obtained a copy of the general ledger and management's representation that the general ledger population is correct.

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

Observation: We randomly selected 25 disbursements and obtained supporting documentation of the following:

- A) Purchases were initiated using a requisition order system.
- B) Purchases are not approved by a person not initiating the purchase.
- C) Purchases are not processed without an approved invoice.

Exception: Purchases are not approved by a person not initiating the purchase.

Management's Response: Future purchases will be approved by a person that did not initiate the purchase.

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.

Observation: The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Managements' Response: The entity does not have enough employees to implement this procedure.

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.

Observation: Inquiry found that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or 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.

Observation: Inquiry found that unused checks are maintained in a locked location with access restrictions.

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.

Not applicable.

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.

Observation: We obtained the list from management and management's representation that the list 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.

Observation: The office has (3) cards (Sam’s card and 2 Visas), we selected a Visa card.

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.]]

Observation: We selected the month of May 2017 and found that the supporting documentation was not reviewed and approved for one card payment, in writing, by someone other than the authorized card holder.

Exception: The supporting documentation was not reviewed and approved for one credit card payment, in writing, by someone other than the authorized card holder.

Management’s Response: Management does not have enough employees to implement this procedure.

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

Observation: There were no finance charges or late fees assessed on the statement.

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)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Observation: Transactions were supported by itemized receipts and the business purpose.

- 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.

Observation: We compared the transaction’s detail to the entity’s written policy manual and the Louisiana Public Bid Law.

- 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.

Observation: We compared the transactions to 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.

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.

Observation: We obtained the general ledger listing of travel and expense reimbursements and management's representation the list is complete.

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.

Observation: We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration. The manual did not list per diem rates.

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

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

Observation: We compared expense documentation to written policies and report whether each expense was reimbursed or prepaid 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.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Observation: Each expense was supported by an original itemized receipt that identifies precisely what was purchased and documentation of the business/public purpose.

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

conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Observation: We compared 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.

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

Observation: Each expense was reviewed and approved by someone other than the person receiving the reimbursement.

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.

Observation: The entity had no contracts in effect during the fiscal year.

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.
- 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)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- 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.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

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

- a) 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.
- 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.

Observation: We randomly selected 5 employees and tested the compensation paid to each employee and found payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. Changes made to hourly pay rates/salaries during the fiscal period were approved in writing.

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

Observation: We randomly selected the pay period of 6/29/2017 and tested a random sample of 25 employees as follows:

- A) All selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).**
- B) Written documentation that supervisors approved in writing, the attendance and leave of the selected employees/officials.**
- C) 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.**

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.

Observation: We obtained a list of employees that terminated during the fiscal year and management's representation that the list is complete. None of the employees that terminated received any amounts other than regular pay.

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.

Observation: We reviewed the accrual accounts detail in the general ledger and inquiry found that 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.

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.

Observation: We reviewed ethics compliance documentation on all but one of the employees who was a new hire.

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.

Observation: Inquiry found no alleged ethics violations reported to the entity 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.
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.
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.

Observation: The entity had no debt during the fiscal year.

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.

Observation: Inquiry found that the entity did not have any misappropriation 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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: This notice is posted on the premises.

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

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

The Vercher Group

November 6, 2017

Jena, Louisiana