

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**FINANCIAL REPORT**

**June 30, 2018**



Postlethwaite & Netterville

A Professional Accounting Corporation

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**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

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**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Sid J. Gautreaux, III  
Sheriff and Tax Collector  
East Baton Rouge Parish Sheriff  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, the Sheriff adopted Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended June 30, 2018. This new standard requires the Sheriff to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, the Schedule of Changes in Total Other Post-Employment Benefit Plan Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability – Sheriffs' Pension and Relief Fund, and the Schedule of the Employer's Contributions to the Sheriff's Pension and Relief Fund, presented on pages 4 through 9, page 33, page 34, page 35, and page 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Combining Schedule of Fiduciary Assets and Liabilities, the Combining Schedule of Changes in Amounts Due Taxing Bodies and Others, and the Schedule of Compensation, Benefits, and Other Payments to the East Baton Rouge Parish Sheriff, presented on page 38, page 39, and page 40, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 45 is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative*

*requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Schedule of Fiduciary Assets and Liabilities, the Combining Schedule of Changes in Amounts Due Taxing Bodies and Others, the Schedule of Compensation, Benefits, and Other Payments to the East Baton Rouge Parish Sheriff, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information 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 a report dated December 21, 2018 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
December 21, 2018

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

This section of the East Baton Rouge Parish Sheriff's (the Sheriff's) annual financial report provides our narrative discussion and analysis of the financial activities of the Sheriff for the fiscal years ended June 30, 2018 and 2017. The Sheriff's financial performance is discussed and analyzed within the context of the financial statements and disclosures, which follow this section.

**Financial Highlights**

- The Sheriff's net position reflects a deficit of approximately \$50.2 million for the fiscal year ended June 30, 2018 compared to the deficit of approximately \$57.7 million (as restated) for fiscal year ended June 30, 2017. This deficit net position reflects the application of new and impactful accounting standards. During the year ended June 30, 2015, as described in note 7 to the financial statements, the Sheriff was required to record his proportionate share of net pension liability for the defined benefit pension plans in which his office participates. Additionally, during the fiscal year ended June 30, 2018, the adoption of a new accounting standard requires the Sheriff to recognize and report his total other post-employment benefit liability. See note 8 to the financial statements.
- Total revenues of approximately \$99.1 million exceeded total expenses of approximately \$91.6 million, resulting in an increase in the net position of approximately \$7.5 million for the year ended June 30, 2018. For the year ended June 30, 2017, total expenses of \$93.7 million exceeded total revenues of \$91.5 million, resulting in a decrease in net position of approximately \$2.2 million for that year.
- The Sheriff's governmental funds contained total ending fund balances of approximately \$21.1 million and \$14.8 million as of June 30, 2018 and 2017, respectively. This level of fund balance provides a reasonably adequate level of operating reserves for the near-term.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$11.4 million and \$13.3 million for the years ended June 30, 2018 and 2017, respectively. This investment in capital assets includes property and equipment net of accumulated depreciation and debt used to purchase or fund the assets.
  - (2) Restricted net position of \$0.9 million and \$0.4 million for the years ended June 30, 2018 and 2017, respectively. These resources consist primarily of seized assets, net of liabilities, or other accounts whose use is restricted by statute.
  - (3) Unrestricted net position deficit of \$62 million and \$71 million for the years ended June 30, 2018 and 2017, respectively indicates net liabilities for the long-term that must be paid from future resources.

*Greater detail of these financial highlights is provided in the "financial analysis" section of this document.*

**Overview of the Financial Statements**

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

***Government-wide Financial Statements***

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets, deferred outflows, liabilities, and deferred inflows with the difference among them reported as *net position (deficit)*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

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

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by tax revenue. The sole purpose of these governmental activities is public safety.

***Fund Financial Statements***

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

The Sheriff uses governmental funds and fiduciary funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

*Fiduciary funds* are combined and reported in the fiduciary fund financial statements. These four separate funds account for taxes collected for other taxing bodies, deposits and settlements held pending court action, the individual prison inmate accounts and funds held for evidence in criminal proceedings. The only fiduciary type funds presented by the Sheriff are agency funds.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

*Notes to the basic financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations and post-employment benefit plans. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget.

**Financial Analysis**

The Sheriff's net position deficit was \$50,241,592 and \$57,706,531 at June 30, 2018 and 2017, respectively. The following table provides a summary of the Sheriff's net position:

Summary Statement of Net Position

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Assets:		(Restated)
Current assets	\$ 26,591,333	\$ 19,265,352
Capital assets	<u>11,383,146</u>	<u>13,299,937</u>
Total assets	<u>37,974,479</u>	<u>32,565,289</u>
Deferred Outflows of Resources	<u>11,730,044</u>	<u>21,192,933</u>
Liabilities:		
Current liabilities	11,367,264	10,109,158
Long-term liabilities	<u>81,531,840</u>	<u>96,776,328</u>
Total liabilities	<u>92,899,104</u>	<u>106,885,486</u>
Deferred Inflows of Resources	<u>7,047,011</u>	<u>4,579,267</u>
Net position (deficit):		
Net investment in capital assets	11,383,146	13,299,937
Restricted	855,312	405,054
Unrestricted	<u>( 62,480,050)</u>	<u>( 71,411,522)</u>
Total net position	<u>(\$ 50,241,592)</u>	<u>(\$ 57,706,531)</u>

The Sheriff had \$11,383,146 and \$13,299,937 invested in capital assets at June 30, 2018 and 2017, respectively, consisting primarily of law enforcement and telecommunications equipment and vehicles. The unrestricted net deficit reflects liabilities incurred in excess of non-capital assets available to satisfy those liabilities.

Long-term liabilities consisting primarily of the total other post-employment benefit liability, compensated absences payable, and the net pension liability were \$81,531,840 versus \$96,776,328 at June 30, 2018 and 2017, respectively. The change is primarily the result of the decrease in the net pension liability.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

The following table provides a Summary Statement of Activities that accounts for the Sheriff's changes in net position:

Summary Statement of Activities

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
Revenues:		
Program:		
Fees, charges and commissions for services	\$ 23,700,107	\$ 20,654,735
Grants and contributions	<u>2,912,595</u>	<u>4,481,055</u>
	<u>26,612,702</u>	<u>25,135,790</u>
General:		
Ad valorem taxes	65,142,999	60,846,610
State grants not restricted to specific programs	4,201,022	4,334,683
Interest income	541,525	383,780
Loss on disposal of capital assets	( 1,090,816)	-
Contributions not restricted to specific programs	2,666,232	-
Miscellaneous	<u>1,008,213</u>	<u>752,350</u>
Total revenues	<u>99,081,877</u>	<u>91,453,213</u>
Expenses:		
Public safety:		
Personnel services and benefits	65,400,869	67,330,055
Operating services	14,505,471	15,580,969
Materials and supplies	9,788,963	8,459,257
Transporting and other charges	<u>1,921,635</u>	<u>2,258,523</u>
Total expenses	<u>91,616,938</u>	<u>93,628,804</u>
Change in net position	7,464,939	( 2,175,591)
Beginning net position, restated for June 30, 2017	( 57,706,531)	( 23,567,216)
Cumulative effect of change in accounting principle	( - )	( 31,963,724)
Ending net position	<u>(\$ 50,241,592)</u>	<u>(\$ 57,706,531)</u>

**REVENUES**

Ad-valorem taxes funded approximately 66% and 67% of the Sheriff's operations for the years ended June 30, 2018 and 2017, respectively. Ad-valorem taxes in terms of dollars, increased \$4,296,389 or 7%. Program revenues consist of fees, charges and commissions for services as well as operating grants and contributions. Program revenues from fees, charges, and commissions for services funded 24% and 23% of operations for the years ended June 30, 2018 and 2017, respectively. Those revenues increased approximately \$3 million or 15% as a result of increased revenues collected from the City-Parish government for feeding and housing prisoners. The increased revenues reflected the increased costs borne by the Sheriff for that purpose. Additionally, in fiscal year 2018 the Sheriff increased certain fees as authorized in the 2018 Louisiana legislative session. Grants and contributions comprised 3% and 5% of revenue for the years ended June 30, 2018 and 2017, respectively. Those revenues decreased approximately \$1.6 million due to federal assistance received in fiscal year 2017 for disaster relief to cover costs incurred as a result of the floods of August 2016.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

**EXPENSES**

The primary function of the Sheriff's Office is public safety activities. Therefore, all expenses are presented within this category on the Statement of Activities. To highlight certain components of this broad category of expenses, we offer the following analysis.

Personnel expenses decreased \$1,929,186 or 3%. The decreased personnel expenses are attributable to catastrophic flooding which occurred during August 2016 and other emergency law enforcement activities which required significant overtime wages in fiscal year 2017. Operating service expenses decreased \$1,075,498 or 7%. The decreased operating services expenses are attributable to a higher than normal level of claims liability expenses in the prior fiscal year. Expenses for materials and supplies increased \$1,329,706 or 16% as a result of increased out-of-parish prisoner maintenance costs.

**Financial Analysis of the Sheriff's Funds**

***Governmental funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$21,057,235 and \$14,819,360 at June 30, 2018 and 2017, respectively. The fund balance as of June 30, 2018 represents approximately 23% of annual expenditures. This level of fund balance is necessary to allow the Sheriff to sustain operations during periods of decreased revenues without having to obtain significant short or long-term borrowings to fund operations. The Sheriff's management team is monitoring the fund balance level to ensure it is maintained at an adequate level.

**Budgetary Highlights**

***The General Fund*** — The original budget for the General Fund included anticipated revenues of approximately \$91.1 million and \$93.8 million for the years ended June 30, 2018 and 2017, respectively, a decrease of approximately \$2.8 million from 2017 to 2018. For the fiscal year ended June 30, 2018, the budget was amended to reflect net changes among various revenue accounts for an increase totaling approximately \$5.2 million. This budget increase is attributable to higher ad-valorem tax revenue because of revised tax assessments on properties affected by the August 2016 floods and previously reduced in accordance with state law. The total actual revenues of \$97 million, as reported in the General Fund, were greater than the amended budget by approximately \$643,000.

The original budget for the General Fund included anticipated expenditures of approximately \$90.1 million and \$93.6 million for the years ended June 30, 2018 and 2017, respectively, a decrease of approximately \$3.5 million from 2017 to 2018. For the year ended June 30, 2018, the budget was amended to reflect a decrease of approximately \$459,000 in anticipated expenditures; however, the total actual expenditures of \$90.8 million was approximately \$377,000 more than total anticipated expenditures of \$90.4 million per the amended budget.

Overall, the net change (increase) in fund balance for the year ended June 30, 2018 of \$6.3 million resulted from higher than anticipated General Fund revenues combined with a relatively constant level of expenditures, and signifies a much needed increase in financial reserves.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

**Capital Assets and Debt Administration**

***Capital assets***

The Sheriff's investment in capital assets was \$11,383,146, net of accumulated depreciation of \$18,593,123 at June 30, 2018 and \$13,299,937 net of accumulated depreciation of \$21,186,761 at June 30, 2017. Under the Sheriff's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of \$500 or more, as well as certain assets with a cost of less than \$500, are inventoried and tracked. See Note 3 within the notes to the financial statements for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The following table provides a summary of capital asset categories:

<u>Capital Assets</u>		
<u>(net of accumulated depreciation where applicable)</u>		
	<u>6/30/2018</u>	<u>6/30/2017</u>
Land	\$ 68,566	\$ 68,566
Work-in-progress	44,603	490,998
Buildings	2,286,248	2,319,802
Vehicles	5,185,002	4,945,591
Office furniture & equipment	264,274	367,607
Law enforcement equipment	3,179,125	3,773,320
Telecommunications equipment	<u>355,328</u>	<u>1,334,053</u>
Capital assets	<u>\$ 11,383,146</u>	<u>\$ 13,299,937</u>

At June 30, 2018 and 2017, the depreciable capital assets for governmental activities were 62% and 61% depreciated, respectively.

***Long-term liabilities***

The Sheriff has no long-term bonded debt or borrowings outstanding at June 30, 2018. Other long-term liabilities consisted of total other post-employment benefits liability of \$46,103,840; general liability and auto claims payable of \$2,855,000, compensated absences of \$2,554,412, lease payable of \$933,166 and the net pension liability of \$29,085,422 as of June 30, 2018. These long-term liabilities decreased approximately \$15 million in total from June 30, 2017 primarily as a result of a decrease in net pension liability (see Note 7).

**Economic Conditions and Budgets of Future Periods**

In setting the fiscal year 2019 General Fund budget, property tax revenues were projected to increase by approximately 2.5%. Federal grant revenues are expected to decrease. Other revenues are expected to increase 7%. Expenditures are expected to increase because of more expenditures related to personnel and services.

**Contacting the Sheriff's Financial Management**

This financial report is designed to provide a general overview of the Sheriff's finances, comply with laws and regulations related to finance, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Sheriff's Office, Edward "Skip" Rhorer, Chief Civil Deputy, at (225) 389-4929 or email at [srhorer@ebrso.org](mailto:srhorer@ebrso.org).

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF NET POSITION**  
**June 30, 2018**

**ASSETS**

Cash	\$ 22,202,182
Receivables	1,496,115
Due from fiduciary funds	212,022
Due from other governments	2,581,371
Other	99,643
Capital assets not being depreciated:	
Land	68,566
Work-in-progress	44,603
Capital assets, net of depreciation	<u>11,269,977</u>
Total assets	<u>37,974,479</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension contributions	5,506,794
Deferred outflow amounts related to pension liability	<u>6,223,250</u>
Total deferred outflows of resources	<u>11,730,044</u>

**LIABILITIES**

Accounts payable and accrued liabilities	2,048,776
Health claims payable	1,540,000
Due to others	1,945,322
Lease payable - short term portion	933,166
Compensated absences payable - short term portion	4,900,000
Long-term liabilities:	
Lease payable	933,166
Compensated absences payable	2,554,412
General liability and auto claims payable	2,855,000
Total other post-employment benefit liability	46,103,840
Net pension liability	<u>29,085,422</u>
Total liabilities	<u>92,899,104</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflow amounts related to other post-employment benefits	1,438,810
Deferred inflow amounts related to pension liability	<u>5,608,201</u>
Total deferred inflows of resources	<u>7,047,011</u>

**NET POSITION**

Net investment in capital assets	11,383,146
Restricted	855,312
Unrestricted	<u>(62,480,050)</u>
Total net deficit	<u>\$ (50,241,592)</u>

The accompanying notes are an integral part of this statement.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

	<b>Program Revenues</b>		<b>Net (Expense)</b>
<b>Expenses</b>	<b>Fees, Fines, and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Revenues and Changes in Net Position</b>
<b>Governmental Activities:</b>			
Public Safety	\$ 91,616,938	\$ 23,700,107	\$ 2,912,595
			\$ (65,004,236)
<b>General revenues:</b>			
Ad valorem taxes			65,142,999
State grants not restricted to specific programs			4,201,022
Interest income			541,525
Loss on disposal of capital assets			(1,090,816)
Contributions not restricted to specific programs			2,666,232
Other			1,008,213
Total general revenues			72,469,175
Change in net position			7,464,939
Net position - beginning, restated			(57,706,531)
Net position - ending			\$ (50,241,592)

The accompanying notes are an integral part of this statement.

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

	<u>General Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 21,005,417	\$ 288,289	\$ 21,293,706
Cash restricted	908,476	-	908,476
Receivables	1,496,115	-	1,496,115
Due from other funds	316,074	300	316,374
Due from other governments	2,581,371	-	2,581,371
Other	91,745	7,898	99,643
Total assets	<u>\$ 26,399,198</u>	<u>\$ 296,487</u>	<u>\$ 26,695,685</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	\$ 2,045,803	\$ 2,973	\$ 2,048,776
Health claims payable	1,540,000	-	1,540,000
Due to other funds	-	104,352	104,352
Due to others	1,945,322	-	1,945,322
Total liabilities	<u>5,531,125</u>	<u>107,325</u>	<u>5,638,450</u>
<b><u>FUND BALANCE</u></b>			
Restricted	855,312	-	855,312
Committed	-	189,162	189,162
Unassigned	20,012,761	-	20,012,761
Total fund balances	<u>20,868,073</u>	<u>189,162</u>	<u>21,057,235</u>
Total liabilities and fund balances	<u>\$ 26,399,198</u>	<u>\$ 296,487</u>	<u>\$ 26,695,685</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total Fund Balances for governmental funds at June 30, 2018 \$ 21,057,235

Total Net Position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Total capitalized cost, net of \$18,593,123 accumulated depreciation: 11,383,146

Long-term liabilities at June 30, 2018:

Total other post-employment benefits liability (46,103,840)

Claims payable - general liability and auto (2,855,000)

Compensated absences payable (7,454,412)

Lease payable (1,866,332)

Pension liabilities, deferred inflows and deferred outflows of resources:

Net pension liability (29,085,422)

Deferred inflows related to pension liability (5,608,201)

Deferred outflows related to pension liability 11,730,044

Deferred outflows related to other post employment benefits (1,438,810)

Total Net Position of governmental activities at June 30, 2018 \$ (50,241,592)

The accompanying notes are an integral part of this statement.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

<b><u>REVENUES</u></b>	<u>General Fund</u>	<u>Canteen Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 65,142,999	\$ -	\$ 65,142,999
Intergovernmental revenues:			
Federal grants	2,480,975	-	2,480,975
State grants	92,121	-	92,121
State supplemental pay	3,509,069	-	3,509,069
State revenue sharing	691,953	-	691,953
Fees, charges, and commissions for services:			
Civil and criminal fees	7,640,906	-	7,640,906
Court attendance	117,606	-	117,606
Transporting prisoners	405,060	-	405,060
Feeding and keeping prisoners	10,853,579	-	10,853,579
Sales of merchandise	-	73,431	73,431
Fines and forfeitures	237,253	-	237,253
Narcotics seizures	189,418	-	189,418
Other	3,801,053	381,801	4,182,854
Interest income	537,331	4,194	541,525
Donations	339,499	-	339,499
Miscellaneous	872,246	1,892	874,138
Total Revenues	<u>96,911,068</u>	<u>461,318</u>	<u>97,372,386</u>
 <b><u>EXPENDITURES</u></b>			
Public safety:			
Personnel services and related benefits	64,556,678	-	64,556,678
Operating services	12,095,428	388,648	12,484,076
Materials and supplies	9,781,248	79,939	9,861,187
Transporting and other charges	1,889,117	32,518	1,921,635
Payment on lease agreement	933,166	-	933,166
Capital outlay	1,511,844	-	1,511,844
Total Expenditures	<u>90,767,481</u>	<u>501,105</u>	<u>91,268,586</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 6,143,587	 (39,787)	 6,103,800
Other financing sources:			
Sale of fixed assets	134,075	-	134,075
Total other financing sources	<u>134,075</u>	<u>-</u>	<u>134,075</u>
 Net change in fund balance	 6,277,662	 (39,787)	 6,237,875
 FUND BALANCE AT BEGINNING OF YEAR	 <u>14,590,411</u>	 <u>228,949</u>	 <u>14,819,360</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 20,868,073</u>	 <u>\$ 189,162</u>	 <u>\$ 21,057,235</u>

The accompanying notes are an integral part of these statements.

**EAST BATON ROUGE PARISH SHERIFF**

**Baton Rouge, Louisiana**

**RECONCILIATION OF GOVERNMENTAL FUNDS'**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balance for year ended June 30, 2018, \$ 6,237,875  
per Statement of Revenues, Expenditures and Changes in Fund Balances

The change in net position reported for governmental activities in the  
Statement of Activities is different because:

Governmental funds report capital asset purchases 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.

Purchases of capital assets	1,584,068	
Depreciation expense	(2,410,043)	
Net book value of capital assets disposed	<u>(1,090,816)</u>	(1,916,791)
Excess of compensated absences taken over compensated absences earned		868,823
Payment on lease		933,166
Net change in other post-employment benefits liability and deferred inflows/outflows of resources		(1,293,573)
Net change in pension liability and deferred inflows/outflows of resources		<u>2,635,439</u>
Total change in Net Position for year ended June 30, 2018, per Statement of Activities		<u>\$ 7,464,939</u>

The accompanying notes are an integral part of this statement.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**COMBINED STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**FIDUCIARY FUNDS**

**JUNE 30, 2018**

**ASSETS**

Cash and cash equivalents	\$ 21,245,343
Receivables	93,085
Total Assets	<u>\$ 21,338,428</u>

**LIABILITIES**

Due to other funds of Sheriff	\$ 212,022
Balance due to taxing bodies, prisoners and others	21,126,406
Total Liabilities	<u>\$ 21,338,428</u>

The accompanying notes are an integral part of this statement.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**BASIS OF PRESENTATION**

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

**GOVERNMENT-WIDE STATEMENTS:**

The statement of net position and the statement of activities display information about the primary government. They include all of the non-fiduciary type funds of the reporting entity, which are considered to be governmental activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore are clearly identifiable to a particular function. Program revenues are derived directly from fees and charges paid by the recipient of services offered by the Sheriff and 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:**

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds.

The Sheriff reports the following major governmental fund:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's Office and accounts for a majority of the operations of the Sheriff's Office. The Sheriff's primary source of revenue are ad valorem taxes levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

The Sheriff reports the following non-major governmental fund:

**Special Revenue Fund**

Special Revenue Funds account for the proceeds of restricted or committed revenue sources. The Canteen Fund accounts for the operation of the prison commissary which is funded through sales of goods and services to prisoners.

Additionally, the Sheriff reports a fiduciary fund type as follows:

**Agency Funds**

The agency funds are used as depositories for civil suits, cash bonds, ad-valorem taxes collected, fees, evidence seized, prisoner deposits, et cetera. Disbursements from these funds are made to various local government agencies, litigants in suits, detainees, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**B. REPORTING ENTITY**

GASB Codification Section 2100 sets forth the definition of the reporting entity.

For financial reporting purposes, the Sheriff includes all funds, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's Office that are paid or provided by the city-parish council as required by Louisiana law, the Sheriff is fiscally independent and is financially accountable to no other entity. As required by generally accepted accounting principles, the financial statements of the reporting entity include only those of the East Baton Rouge Parish Sheriff (the primary government). There are no component units to be included in the Sheriff's reporting entity.

**C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS**

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

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

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

C. **BASIS OF ACCOUNTING/MEASUREMENT FOCUS** (continued)

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

In preparing the GWFS, the Sheriff follows those Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, which were made applicable to governments through the issuance of GASB No. 62 *Codification of Accounting and Financial Reporting Guidance contained in Pre-November, 1989 FASB and AICPA Pronouncements*.

D. **BUDGET PRACTICES**

The proposed budget for the year ended June 30, 2018, was made available for public inspection and comments from taxpayers at the Sheriff's office on June 14, 2017. A public hearing was held on the proposed budget at least 10 days after publications of the call of the hearing. The proposed budget was published in the official journal ten days prior to the public hearing, which was held at the Sheriff's Office on June 28, 2017 for the comments from taxpayers. The budget was legally adopted and amended, as necessary, by the Sheriff.

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

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget presented in the accompanying budgetary comparison schedules includes the originally adopted budget and the final budget which includes all subsequent amendments.

E. **CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Under state law, the Sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, the Sheriff may invest in United States bonds, treasury notes, U.S. Agency obligations or investment grade commercial paper. These are classified as investments if their original maturity exceeds 90 days.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**F. CAPITAL ASSETS**

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated fixed assets are recorded as capital assets at their fair value at the date of donation. The Sheriff maintains a threshold level of \$5,000 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are recorded in the Statement of Net Position and depreciation thereon within the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Vehicles	5
Office Furniture and Equipment	5-15
Law Enforcement Equipment	7-10
Telecommunications Equipment	10-15

**G. COMPENSATED ABSENCES**

Employees of the Sheriff's Office earn from 16 to 22 hours of paid time off (PTO) every 28 days of uninterrupted full-time employment. Maximum accrual of PTO is 1,040 hours, depending upon length of service. During the year ended June 30, 2010, the Sheriff discontinued the accrual of sick leave. The unused sick leave was transferred to PTO to the extent that the transfer did not cause accumulated PTO to exceed 1,040 hours. The remaining sick leave that could not be transferred will be available for the respective employees to use. However, upon termination, accumulated sick leave that was not transferred to PTO, will not be paid out. Upon termination of employment, employees are paid for accrued but unused PTO up to 300 hours.

Law enforcement employees receive overtime compensation for compensable hours worked in excess of 171 hours in a 28-day work period. Non-law enforcement employees receive overtime compensation for compensable hours worked in excess of 40 hours during a 7-day work week. Exempt employees are not compensated for overtime unless in the case of emergency response as approved by the Sheriff. As a condition of employment with the Sheriff's Office, nonexempt employees receive compensatory time (CT), at the rate of time and a half, in lieu of immediate cash payment for overtime. CT is time off with full pay and benefits (insurance, pension, and accrual of PTO). A maximum of 480 hours of CT may be accumulated for law enforcement personnel. A maximum of 240 hours of CT may be accumulated by non-law enforcement personnel.

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken or paid upon termination. The cost of leave privileges not requiring current resources is reported as a liability in the Statement of Net Position. As such, all accumulated CT and up to 300 hours of PTO is accrued as a liability in the Statement of Net Position.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**H. FUND EQUITY OF FUND FINANCIAL STATEMENTS**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable – represent permanently nonspendable balances that are not expected to be converted to cash.

Spendable

Restricted – represent balances where constraints have been established by external parties or by enabling legislation.

Committed – represent balances where constraints have been established by formal action of the Sheriff.

Assigned – represent balances where informal constraints have been established by the Sheriff or his delegate, but that are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

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

**I. USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets, 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.

**J. RESTRICTED NET POSITION**

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

**K. PENSION PLANS**

The East Baton Rouge Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 7. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**L. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION**

The Sheriff adopted the Governmental Accounting Standards Board Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total Net Position, June 30, 2017, as previously reported	(\$ 25,742,807)
To adjust Other Postemployment Benefits Liability at June 30, 2017	( 31,963,724)
Total Net Position, June 30, 2017, restated	(\$ 57,706,531)

**2. PROPERTY TAXES**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff, by State Law (LRS 33:1435), is the official tax collector of general property taxes levied by the Parish. Taxes collected are distributed to the various taxing authorities, including the Sheriff's General Fund on a monthly basis.

The 2017 property tax calendar is as follows:

Levy date:	November 1, 2017
Millage rates adopted:	November 1, 2017
Tax bills mailed:	November 2017
Due date:	December 31, 2017
Lien date:	October 3, 2018

State Law requires the Sheriff to collect property taxes in the calendar year in which the levy is made. Property taxes become delinquent January 1<sup>st</sup> of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181).

The following is a summary of authorized and levied property taxes:

	Authorized Millage	Levied Millage	Expiration Date
Special law enforcement	4.36	4.36	None
Additional special law enforcement	6.90	6.90	12/31/2023
Special law enforcement	3.73	3.73	12/31/2020

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, are as follows:

<u>Cost</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	\$ 68,566	\$ -	\$ -	\$ 68,566
Work-in-progress	490,998	436,089	( 882,484)	44,603
Buildings	3,867,138	79,372	( 6,505)	3,940,005
Vehicles	17,330,997	1,815,444	( 1,361,882)	17,784,559
Office furniture and equipment	2,647,223	106,479	( 1,054,840)	1,698,862
Law enforcement equipment	6,222,087	29,168	( 308,459)	5,942,796
Telecommunications equipment	3,859,689	-	( 3,362,811)	496,878
Total	<u>34,486,698</u>	<u>2,466,552</u>	<u>( 6,976,981)</u>	<u>29,976,269</u>
<u>Accumulated Depreciation</u>	<u>( 21,186,761)</u>	<u>( 2,410,043)</u>	<u>5,003,681</u>	<u>( 18,593,123)</u>
Total Capital Assets (net)	<u>\$ 13,299,937</u>	<u>\$ 56,509</u>	<u>(\$ 1,973,300)</u>	<u>\$ 11,383,146</u>

For the year ended June 30, 2018, depreciation expense was \$2,410,043.

**4. CASH AND CASH EQUIVALENTS**

At June 30, 2018, the Sheriff has cash and cash equivalents consisting solely of deposits in financial institutions. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Custodial credit risk is the risk that an entity may fail to receive its deposits upon failure of a financial institution. To protect against such risks, the market values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Standby letters of credit from federally sponsored lending institutions can also be used to protect against this risk. At June 30, 2018, the deposits are not exposed custodial credit risk as a result of an adequate level of pledged securities, standby letters of credit and FDIC insurance.

**5. RECEIVABLES**

Receivables at June 30, 2018 are as follows:

Feeding, keeping and transporting prisoners	\$ 475,436
Grant revenue	230,574
State supplemental pay	286,826
Fees, charges and commissions	465,191
Other	38,088
	<u>\$ 1,496,115</u>

**6. RESTRICTED ASSETS ON NET POSITION**

Restricted cash held in the general fund of \$908,476 represents funds received from grants, narcotic seizures, litigation settlements, and amounts received under Act 942. These amounts are held in these accounts until disbursements are properly authorized. Restricted net position of \$855,312 represents these same funds received less amounts due to others at June 30, 2018.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. PENSION PLAN**

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

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

**Plan Description**

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

**Cost of Living Provisions**

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

**Funding Policy**

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 12.75% with 0% allocated from the Funding Deposit Account. For the year ended June 30, 2017, the actuarially determined employer contribution rate was 13.25%. Also, employer contributions for the year ended June 30, 2018 were \$5,506,794. In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions for the year ended June 30, 2018 were \$2,666,232.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary.

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

At June 30, 2018, the Sheriff reported a liability of \$29,085,422 for its proportionate share of the net pension liability of the Louisiana Sheriffs' Pension and Relief Fund. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on actual contributions to the plan for the year ended June 30, 2017. At June 30, 2017, the Sheriff's proportion was 6.7168%, which was an increase of 0.0659% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$5,568,380.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

7. **PENSION PLAN** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,063,098)
Changes of assumptions	5,117,731	-
Net difference between projected and actual earnings on pension plan investments	-	(417,464)
Changes in proportion	-	(78,112)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,066,522	-
Contributions in excess (deficiency) of required amount	38,997	(49,527)
Employer contributions subsequent to the measurement date	5,506,794	-
Total	\$ 11,730,044	\$ (5,608,201)

The Sheriff reported a total of \$5,506,794 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

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

Year	LSPRF
2018	\$ (933,247)
2019	2,176,703
2020	911,287
2021	(2,052,438)
2022	351,223
2023	161,521
	\$ 615,049

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

7. **PENSION PLAN** (continued)

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Expected Remaining Service Lives</b>	7 years
<b>Investment Rate of Return</b>	7.40%, net of investment expense
<b>Projected salary increases</b>	5.5% (2.775% inflation)
<b>Mortality</b>	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table

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

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	60%	4.40%
Bonds	25%	0.70%
Alternative Investments	15%	0.60%
Total	100%	5.70%
Inflation		2.60%
Expected Arithmetic Nominal Return		8.30%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. PENSION PLAN** (continued)

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
LSPRF			
Rates	6.40%	7.40%	8.40%
EBRSO Share of NPL	\$ 59,923,639	\$ 29,085,422	\$ 3,139,264

**Amounts Payable to Pension Plans**

The Sheriff had amounts due to the Retirement System of approximately \$638,000 at June 30, 2018.

**8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

**General Information about the OPEB Plan**

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

*Benefits Provided* – Medical and life insurance benefits are provided to employees upon actual retirement. Retirees with less than twenty years of service at retirement pay 100% of the blended medical premium, while a reduced schedule based on the blended premiums applies to retirees with twenty or more years of service at retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service.

Life insurance coverage is continued to retirees and the blended rate for active employees and retirees is \$0.37 per \$1,000 of insurance. The retiree pays 100% of the "cost" of the retiree's life insurance after retirement but that "cost" is based on the blended active/retired rate and there is thus an additional implied subsidy. Since GASB 74/75 requires the use of "unblended" rates, we have used the valuation mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	106
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	822
	928

**Total OPEB Liability**

The Sheriff's total OPEB liability of \$46,103,840 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)**

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

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.58% annually (beginning of year to determine ADC)
	3.87% annually (as of end of year measurement date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation AA rated municipal bond index as of the measurement dates.

The RP-2000 Table without projection with 50%/50% unisex blend has been used.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2008 to June 30, 2018.

**Changes in the Total OPEB Liability**

Balance at June 30, 2017	\$ 46,249,077
Changes for the year:	
Service cost	1,045,967
Interest	1,632,642
Differences between expected and actual experience	( 160,635)
Changes of assumptions	( 1,374,096)
Benefit payments and net transfers	( 1,289,115)
Net changes	( 145,237)
Balance at June 30, 2018	<u>\$ 46,103,840</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$1,400,000.

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1.0% Decrease</u> <u>(2.87%)</u>	<u>Current Discount</u> <u>(3.87%)</u>	<u>1.0% Increase</u> <u>(4.87%)</u>
Total OPEB Liability	<u>\$ 50,290,977</u>	<u>\$ 46,103,840</u>	<u>\$ 41,723,231</u>

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

	<u>1.0% Decrease</u> <u>(4.5%)</u>	<u>Current Trend</u> <u>(5.5%)</u>	<u>1.0% Increase</u> <u>(6.5%)</u>
Total OPEB Liability	<u>\$ 40,400,657</u>	<u>\$ 46,103,840</u>	<u>\$ 50,682,661</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS** (continued)

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

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$2,582,688. At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(\$ 150,595)
Changes in assumption and other inputs	\$ -	(\$ 1,288,215)
Total	<u>\$ -</u>	<u>(\$ 1,438,810)</u>

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

Years Ending June 30,:	
2019	(\$ 95,921)
2020	( 95,921)
2021	( 95,921)
2022	( 95,921)
2023	( 95,921)
2024-2028	( 479,605)
2029-2033	( 479,600)
	<u>(\$ 1,438,810)</u>

**9. CHANGES IN AGENCY FUNDS**

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

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
Balance, 07/01/2017	\$ 7,298,878	\$ 303,645	\$ 12,933,077	\$ 1,201,645	\$ 21,737,245
Additions	28,656,979	655,177	520,157,535	330,559	549,800,250
Reductions	( 27,486,247)	( 659,841)	( 521,711,133)	( 341,846)	( 550,199,067)
Balance, 06/30/2018	<u>\$ 8,469,610</u>	<u>\$ 298,981</u>	<u>\$ 11,379,479</u>	<u>\$ 1,190,358</u>	<u>\$ 21,338,428</u>

**10. TAXES PAID UNDER PROTEST**

Amounts held in escrow for protested taxes at June 30, 2018, were \$8,416,403, consisting of taxes paid under protest, plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**11. RISK MANAGEMENT**

**A. Accounting for Risk**

In accordance with Section C50 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, the Sheriff accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting. Claims paid under the Sheriff's self-insurance risk program are recorded as expenditures against the General Fund.

**B. Risk Management – Workers Comp, Auto, General Liability**

At June 30, 2018, the Sheriff was a defendant in multiple lawsuits in the ordinary course of business. These suits, arising from various claims involving worker's compensation issues, automobile accidents (subject to \$100,000 deductible), police misconduct, general liability (subject to \$25,000 deductible) and others are mostly covered through private insurance policies. However, the Sheriff is exposed for certain uninsured claims and deductibles. An estimate of \$2,855,000 has been accrued in the financial statements to account for claims and deductibles not covered through insurance that have been incurred and will likely be paid. Based upon the opinion of the Sheriff's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the Sheriff.

**C. Risk Management – Employee Health**

The Sheriff assumes the risk of all medical and pharmacy claims of participants in its employee health plan up to \$150,000 per individual, with reinsurance covering the claims in excess of that amount. For duty related claims, reinsurance is limited to \$2,000,000 per individual per year. Reinsurance also covers the aggregate of claims below \$150,000 in excess of the annual attachment point, up to a \$1,000,000 limit. For the year ended June 30, 2018, the minimum annual attachment point was \$11,136,949.

The Sheriff is exposed to various risks of loss related to health insurance for its employees. The Sheriff does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by excess insurance carriers. Settlements did not materially exceed excess insurance coverage for the year. Claims activity and the estimated claims incurred but not paid at year-end are as follows:

Unpaid claims as of July 1, 2017	\$ 2,110,000
Current year claims incurred and changes in estimates	11,508,182
Claims paid	<u>( 12,078,182)</u>
Unpaid claims as of June 30, 2018	<u>\$ 1,540,000</u>

The above unpaid claims as of June 30, 2018, include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

**12. COMPENSATED ABSENCE LIABILITY**

At June 30, 2018, employees of the Sheriff have accumulated and vested \$7,454,412 of employee leave benefits according to the Sheriff's PTO policy, which were computed in accordance with GASB Classification Section C60. The following is a summary of the compensated absence liability activity during the year:

	<u>Compensated</u> <u>Absences</u>
Balance, July 1, 2017	\$ 8,323,235
Additions (amounts earned)	4,626,509
Deductions (amounts paid)	<u>( 5,495,332)</u>
Balance, June 30, 2018	<u>\$ 7,454,412</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**12. COMPENSATED ABSENCE LIABILITY** (continued)

The compensated absence liability is reported in the statement of net position as follows:

Compensated absences – short term portion	\$ 4,900,000
Compensated absences – long term portion	<u>2,554,412</u>
Total compensated absences	<u>\$ 7,454,412</u>

**13. INTERFUND TRANSACTIONS**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 316,074	\$ -
Canteen Fund	300	104,352
Agency Funds	-	<u>212,022</u>
	<u>\$ 316,374</u>	<u>\$ 316,374</u>

**14. SHORT-TERM BORROWINGS AND CAPITAL LEASE**

In order to finance operations until the collection of property tax revenues, the Sheriff obtained a short-term loan from a prominent banking institution. The interest rate on the loan was 1.62%. The amount available for draw and the amount drawn was \$20,000,000. The loan was repaid in full in January of 2018. Interest paid on the loan was \$79,527 during fiscal year 2018.

During fiscal year 2016, the Sheriff entered into a capital lease agreement in order to finance the purchase of new radios for law enforcement vehicles and the supporting centralized equipment. The total financed was \$2,799,498 at 0% interest. The lease was to be repaid in three annual installments of \$933,166 beginning July 1, 2017. The first installment was made in fiscal year 2018 leaving a remaining balance of \$1,866,332.

A summary of the debt activity for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Short-term loan	\$ -	\$ 20,000,000	(\$ 20,000,000)	\$ -
Lease payable	2,799,498	-	( 933,166)	1,866,332
Total borrowings	<u>\$ 2,799,498</u>	<u>\$ 20,000,000</u>	<u>(\$ 23,933,166)</u>	<u>\$ 1,866,332</u>

Of the lease payable balance, \$933,166 is due within one year.

**14. LEASE OBLIGATIONS**

The Sheriff has entered into an operating lease agreement for vehicles used in operations. Lease expense incurred during the year ended June 30, 2018 was approximately \$385,000. The following are annual future minimum lease payments as of June 30, 2018:

Years Ending June 30,:	
2019	\$ 524,750
2020	524,750
2021	489,108
2022	280,343
2023	<u>151,154</u>
	<u>\$ 1,970,105</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

**14. LEASE OBLIGATIONS** (continued)

In October 2017 the Sheriff entered into an operating lease agreement for a building to be used in operations. The lease is for an initial term of 20 years with one mutual 10-year renewal option and provides for annual payments of \$36,000 on July 1<sup>st</sup> of each fiscal year. Lease expense incurred during the year ended June 30, 2018 was \$24,000. The following are annual future minimum lease payments as of June 30, 2018:

Years Ending June 30,:	
2019	\$ 36,000
2020	36,000
2021	36,000
2022	36,000
2023	36,000
2024-2028	180,000
2029-2033	180,000
2034-2037	<u>156,000</u>
	<u>\$ 696,000</u>

**15. TAX REVENUES ABATED**

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years.

For applications made after June 24, 2016 but before July 1, 2018, the program abates local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site for up to eight years. Applications to exempt qualified property for five years are approved by the individual local taxing entities whose taxes are being abated. The exemption may be renewed for an additional three years at 80% abatement. For the fiscal year ending June 30, 2018, approximately \$7,300,000 of the Sheriff's ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Tax Exemption program.

**16. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts, salaries and other payables as of June 30, 2018, were as follows:

Vendors	\$ 573,368
Salaries and benefits	<u>1,475,408</u>
Total accounts payable and accrued liabilities	<u>\$ 2,048,776</u>

**17. SUBSEQUENT EVENTS**

In August 2018 the Sheriff obtained a short-term loan from a banking institution to assist with cash flow needs until property taxes are collected in December 2018. The principal amount is \$16,500,000 and payment is due March 1, 2019. The initial draw on the loan at closing was \$1,000,000 with additional draws available in \$500,000 increments up to the principal amount. The total balance of draws outstanding as of December 21, 2018 was \$14,000,000. The loan is secured by a pledge of revenues accruing to the Sheriff for the fiscal year 2018-2019.

**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 63,100,000	\$ 65,220,000	\$ 65,142,999	\$ (77,001)
Intergovernmental revenues:				
Federal grants	734,000	1,853,000	2,480,975	627,975
State grants	886,000	86,000	92,121	6,121
State supplemental pay	3,680,000	3,515,000	3,509,069	(5,931)
State revenue sharing	665,000	692,000	691,953	(47)
Fees, charges, and commissions for services:				
Civil and criminal fees	5,948,000	7,297,400	7,640,906	343,506
Court attendance	130,000	120,000	117,606	(2,394)
Transporting prisoners	400,000	410,000	405,060	(4,940)
Feeding and keeping prisoners	9,929,000	10,544,000	10,853,579	309,579
Fines and forfeitures	280,000	252,000	237,253	(14,747)
Narcotics seizures and other	3,806,900	3,774,600	3,990,471	215,871
Interest income	255,000	485,000	537,331	52,331
Donations and miscellaneous	1,253,500	2,019,000	1,211,745	(807,255)
Total Revenues	<u>91,067,400</u>	<u>96,268,000</u>	<u>96,911,068</u>	<u>643,068</u>
<b><u>EXPENDITURES</u></b>				
Public safety:				
Personnel services and related benefits	64,199,500	63,852,800	64,556,678	(703,878)
Operating services	11,942,880	12,323,500	12,095,428	228,072
Materials and supplies	8,657,000	9,677,500	9,781,248	(103,748)
Travel and other charges	2,478,220	2,033,600	1,889,117	144,483
Payment on lease agreement	933,166	933,166	933,166	-
Capital outlay	2,638,800	1,569,800	1,511,844	57,956
Total Expenditures	<u>90,849,566</u>	<u>90,390,366</u>	<u>90,767,481</u>	<u>(377,115)</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	217,834	5,877,634	6,143,587	265,953
Other financing sources:				
Sale of fixed assets	125,000	120,000	134,075	14,075
Total other financing sources	<u>125,000</u>	<u>120,000</u>	<u>134,075</u>	<u>(39,131)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>342,834</b>	<b>5,997,634</b>	<b>6,277,662</b>	<b>280,028</b>
FUND BALANCE AT BEGINNING OF YEAR	<u>14,215,965</u>	<u>14,590,408</u>	<u>14,590,411</u>	<u>3</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b><u>\$ 14,558,799</u></b>	<b><u>\$ 20,588,042</u></b>	<b><u>\$ 20,868,073</u></b>	<b><u>\$ 280,031</u></b>

**EAST BATON ROUGE PARISH SHERIFF'S OFFICE**  
**Baton Rouge, Louisiana**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Financial Statement Reporting Date</u>	<u>Measurement Date</u>	<u>Service Cost</u>	<u>Interest</u>	<u>Difference between actual and expected experience</u>	<u>Changes of assumptions</u>	<u>Benefit Payments</u>	<u>Net change in Total OPEB Liability</u>	<u>Total OPEB Liability - Beginning</u>	<u>Total OPEB Liability - Ending</u>	<u>Covered Payroll</u>	<u>Total OPEB Liability as a Percentage of Covered Payroll</u>
June 30, 2018	June 30, 2018	\$ 1,045,967	\$ 1,632,642	\$ (160,635)	\$(1,374,096)	\$(1,289,115)	\$ (145,237)	\$ 46,249,077	\$ 46,103,840	\$ 43,218,177	106.6770%

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

*There are no assets accumulated in a trust that meets the criteria of Paragraph 4 of GASB 75 for this OPEB plan.*

*Changes of assumptions - the discount rate as of 6/30/17 was 3.58% and it changed to 3.87% as of 6/30/18.*

**EAST BATON ROUGE PARISH SHERIFF'S OFFICE**

**Baton Rouge, Louisiana**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**SHERIFFS' PENSION AND RELIEF FUND**

**FOR THE YEAR ENDED JUNE 30, 2018 (\*)**

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	6.7168%	\$ 29,085,422	\$ 46,327,147	62.7827%	88.49%
2017	6.6509%	42,212,684	45,421,234	92.9360%	82.10%
2016	6.5089%	29,013,544	43,140,239	67.2540%	86.61%
2015	6.4226%	25,433,541	40,660,119	62.5516%	87.34%

*This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.*

(\*) The amounts presented have a measurement date of June 30th of the previous year.

**EAST BATON ROUGE PARISH SHERIFF'S OFFICE**  
**Baton Rouge, Louisiana**

**SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS TO THE**  
**SHERIFFS' PENSION AND RELIEF FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Year</u>	<u>Contractually Required Contribution<sup>1</sup></u>	<u>Contributions in Relation to Contractually Required Contribution<sup>2</sup></u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll<sup>3</sup></u>	<u>Contributions as a % of Covered Payroll</u>
2018	\$ 5,506,794	\$ 5,506,794	\$ -	\$ 43,190,541	12.7500%
2017	6,138,347	6,138,347	-	46,327,147	13.2500%
2016	6,245,425	6,245,425	-	45,421,234	13.7500%
2015	6,147,481	6,147,481	-	43,140,239	14.2500%

*This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.*

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by employer's covered payroll*

<sup>2</sup> *Actual employer contributions remitted to the Sheriff's' Pension and Relief Fund*

<sup>3</sup> *Employer's covered payroll amount for the fiscal year ended June 30th of each year*

**OTHER SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**GENERAL DESCRIPTIONS**  
**AGENCY FUNDS**  
**June 30, 2018**

**SHERIFF'S FUND**

The Sheriff's Fund accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

**PRISON INMATE FUND**

This fund accounts for deposits made by and for the inmates and for authorized withdrawals.

**TAX COLLECTOR FUND**

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

**EVIDENCE FUND**

All United States currency received by the evidence section, whether considered evidence, seized funds, or found property, is to be deposited into the Evidence Fund, and maintained by the Sheriff. All found property is to be returned to its rightful owner as soon as possible after obtaining the proper release. Other money that can be specifically identified to a third party can be released upon obtaining the proper authorization and release forms.

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**June 30, 2018**

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 8,376,552	\$ 298,981	\$ 11,379,479	\$ 1,190,331	\$ 21,245,343
Receivables	93,058	-	-	27	93,085
Total assets	<u>\$ 8,469,610</u>	<u>\$ 298,981</u>	<u>\$ 11,379,479</u>	<u>\$ 1,190,358</u>	<u>\$ 21,338,428</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ 1,152	\$ -	\$ 210,870	\$ -	\$ 212,022
Due to taxing bodies and others:					
Due to taxing bodies	-	-	2,752,206	-	2,752,206
Due to others	8,468,458	298,981	-	1,190,358	9,957,797
Protested taxes	-	-	8,416,403	-	8,416,403
Total Liabilities	<u>\$ 8,469,610</u>	<u>\$ 298,981</u>	<u>\$ 11,379,479</u>	<u>\$ 1,190,358</u>	<u>\$ 21,338,428</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**COMBINING SCHEDULE OF CHANGES IN**  
**AMOUNTS DUE TAXING BODIES AND OTHERS - ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Sheriff's</u> <u>Fund</u>	<u>Prison Inmate</u> <u>Fund</u>	<u>Tax Collector</u> <u>Fund</u>	<u>Evidence</u> <u>Fund</u>	<u>Total</u>
<b><u>AMOUNTS DUE TAXING BODIES</u></b> <b><u>AND OTHERS JUNE 30, 2017</u></b>	<b><u>\$ 7,298,878</u></b>	<b><u>\$ 303,645</u></b>	<b><u>\$ 12,933,077</u></b>	<b><u>\$ 1,201,645</u></b>	<b><u>\$ 21,737,245</u></b>
<b><u>ADDITIONS</u></b>					
Deposits:					
Suits, successions, etc.	23,525,829	-	-	-	23,525,829
Benefits - medicare	4,435,075	-	-	-	4,435,075
Surety bonds	696,075	-	-	-	696,075
Taxes, fees, etc. paid to tax collector	-	-	518,553,802	-	518,553,802
Interest on investments	-	-	1,603,733	-	1,603,733
Other Additions					
Prisoner deposits	-	655,177	-	-	655,177
Evidence cash received	-	-	-	330,559	330,559
Total additions	<u>28,656,979</u>	<u>655,177</u>	<u>520,157,535</u>	<u>330,559</u>	<u>549,800,250</u>
<b><u>REDUCTIONS</u></b>					
Taxes, fees, etc. distributed to taxing bodies and others	-	-	521,711,133	-	521,711,133
Payments to litigants, etc.	18,205,120	-	-	-	18,205,120
Fees to Sheriff and Clerk of Court	8,589,218	-	-	-	8,589,218
Surety bond refunds	691,909	-	-	-	691,909
Refunds to released inmates and prisoner program disbursements	-	659,841	-	-	659,841
Authorized program disbursements	-	-	-	341,846	341,846
Total reductions	<u>27,486,247</u>	<u>659,841</u>	<u>521,711,133</u>	<u>341,846</u>	<u>550,199,067</u>
Change in amounts due taxing bodies and others	<u>1,170,732</u>	<u>(4,664)</u>	<u>(1,553,598)</u>	<u>(11,287)</u>	<u>(398,817)</u>
<b><u>AMOUNTS DUE TAXING BODIES</u></b> <b><u>AND OTHERS JUNE 30, 2018</u></b>	<b><u>\$ 8,469,610</u></b>	<b><u>\$ 298,981</u></b>	<b><u>\$ 11,379,479</u></b>	<b><u>\$ 1,190,358</u></b>	<b><u>\$ 21,338,428</u></b>

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO THE EAST BATON ROUGE PARISH SHERIFF**  
**FOR THE YEAR ENDED JUNE 30, 2018**

East Baton Rouge Parish Sheriff, Sid J. Gautreaux, III

<b><u>Purpose:</u></b>	<b><u>Amount</u></b>
Salary	\$ 180,338
Benefits - insurance	6,174
Benefits - retirement contribution	22,993
Benefits - medicare	2,615
Registration fees	5,970
Conference travel	3,103
	<u>\$ 221,193</u>

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

Honorable Sid J Gautreaux, III  
East Baton Rouge Parish Sheriff  
Baton Rouge, 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, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 21, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



### **Purpose of this Report**

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

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
December 21, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Sid J Gautreaux, III  
East Baton Rouge Parish Sheriff  
Baton Rouge, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the East Baton Rouge Parish Sheriff's (the "Sheriff") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2018. The Sheriff's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulation, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Sheriff's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baton Rouge, Louisiana  
December 21, 2018

**EAST BATON ROUGE PARISH SHERIFF**  
**Baton Rouge, Louisiana**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS
<b><u>United States Department of Justice</u></b>				
<i>Direct Program:</i>				
<i>Office of Justice Programs:</i>				
DNA Capacity Enhancement & Backlog Reduction Program-LSP	16.741	2016-DN-BX-0018	\$ 5,597	\$ -
Justice Assistance Grant 2013	16.738	2013-DJ-BX-0241	8,981	-
Justice Assistance Grant 2015	16.738	2015-DJ-BX-0473	8,817	-
Justice Assistance Grant 2016	16.738	2016-DJ-BX-0831	69,787	65,240
COPS Hiring Program	16.710	2016-UL-WX-0052	263,190	-
Equitable Sharing Agreement & Certification Program	16.111	N/A	174,279	-
<i>Passed Through:</i>				
<i>Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</i>				
Violent Crime Task Force	16.738	2015-DJ-01-3051	9,247	4,247
Targeting Violent Criminals	16.738	2015-DJ-01-3551	10,113	-
Multi-Jurisdictional Task Force	16.738	2014-DJ-01-3207	32,138	-
Crime Victims Unit	16.575	2015-VA-01/03-2816	77,240	-
Total United States Department of Justice			<u>659,389</u>	<u>69,487</u>
<b><u>United States Department of Transportation</u></b>				
<i>Passed Through:</i>				
<i>Louisiana Department of Public Safety and Corrections:</i>				
State and Community Highway Safety	20.600	1 2016-30-18	76,472	-
State and Community Highway Safety	20.600	1 2017-30-18	37,094	-
Minimum Penalties for Repeat Offenders While Driving Intoxicated	20.608	2016-30-18	120,142	-
Minimum Penalties for Repeat Offenders While Driving Intoxicated	20.608	2017-30-18	81,630	-
Total United States Department of Transportation			<u>315,338</u>	<u>-</u>
<b><u>United States Department of Homeland Security</u></b>				
<i>Passed Through:</i>				
<i>Governor's Office of Homeland Security &amp; Emergency Preparedness:</i>				
High Intensity Drug Trafficking Areas Program	95.001	G16GC0001A	62,378	-
FEMA Disaster Grants - Public Assistance	97.036	FEMA-DR-4277	1,486,545	-
Port Security Grant 15	97.056	EMW2015PU00277	119,274	-
Total United States Department of Homeland Security			<u>1,668,197</u>	<u>-</u>
Total Expenditures			<u>\$ 2,642,924</u>	<u>\$ 69,487</u>

See accompanying notes to this schedule.

1 - Highway Safety Cluster

**EAST BATON ROUGE PARISH SHERIFF**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Baton Rouge Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – INDIRECT COST RATE**

The Sheriff has not negotiated an indirect cost rate. Also, the Sheriff elected not to use the 10% de minimis cost rate as allowed by 2 CFR 200.414 Indirect (F&A) costs.

**NOTE C – Reconciliation to Financial Statements**

The federal grant expenditures are reported within the various expenditure categories of the general fund and are not readily distinguishable to the Schedule of Expenditures of Federal Awards. However, revenue is generally recorded for these grants in an amount equal to allowable costs incurred and therefore the following reconciliation to reported federal grant revenue is provided:

Total expenditures per SEFA	\$ 2,642,924
Less costs incurred and revenue recognized for FEMA Public Assistance Grant on accrual basis in FY 2017	( 680,523)
Revenue collected over expended for Equitable Sharing Program	416,543
Collection of prior year grant costs	<u>102,031</u>
Federal grants revenue per financial statements	<u>\$ 2,480,975</u>

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        x   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        x   none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

\_\_\_\_\_ yes        x   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The East Baton Rouge Parish Sheriff was determined to be a low-risk auditee.

**EAST BATON ROUGE PARISH SHERIFF**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**B. Findings – Financial Statement Audit**

None

**C. Findings and Questioned Costs – Major Federal Award Programs**

None

**EAST BATON ROUGE PARISH SHERIFF**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2017**

**Findings – Financial Statement Audit**

**2017 - 001      Public Bid Law**

Criteria:            Local political subdivisions and local governmental entities are required to follow certain procurement procedures for the purchase of materials and supplies if the cost is over contract thresholds established by Public Bid Law. Louisiana R.S. 38:2212.1(C)(1) and (2) provides that certain guidelines be followed when specifying a particular brand in the bid process.

Condition:        The Sheriff purchased 4 law enforcement motorcycles through a public bid process. The bid advertisement specified the make and model of the motorcycle along with certain specifications and equipment required. However, the advertisement did not specify that equivalent motorcycles would be acceptable.

Cause:             The advertisement did not include appropriate information to indicate that equivalent motorcycles would be acceptable.

Effect:            The Sheriff may not be in compliance with Louisiana Bid Law.

Recommendation: We recommend that the Sheriff implement policies and controls to ensure that future advertisements do not specify a particular brand without also indicating that equivalent products will be accepted.

Repeat finding:    No.

Management's response:    *The Sheriff's Office will update purchasing policies and procedures to ensure full compliance with all provisions of the Louisiana Bid Law to include acceptance of equivalent items when bids are requested specifying a particular brand.*

Current status:    *Resolved.*

**Findings and Questioned Costs – Major Federal Award Programs**

None

Independent Accountants' Report  
On Applying Agreed-Upon Procedures  
For the Year Ended 2018

To the East Baton Rouge Parish Sheriff and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the East Baton Rouge Parish Sheriff (Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

*No exceptions noted.*

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.

*No exceptions noted.*

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

*No exceptions noted.*

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exceptions noted.*

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

*No exceptions noted.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Entity has written policies for Contracting; however, the policies do not contain attribute (2) regarding standard terms and conditions.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*The Entity has written policies for Ethics; however, the policy does not contain attribute (3) system to monitor possible ethics violations or attribute (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.*

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

*No exceptions noted.*

### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Sheriff's Department. As such, this procedure is not applicable to the Sheriff's Department.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Sheriff's Department. As such, this procedure is not applicable to the Sheriff's Department.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*Procedure is not applicable to the Sheriff since unrestricted fund balance per the prior year audited financial statements was positive.*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*A listing of bank accounts was provided and included a total of 122 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for one month for each account resulting in 5 bank reconciliations obtained and subjected to the below procedures.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Of the 5 bank accounts selected, 4 bank reconciliations had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.*

### Collections

---

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

*A listing of deposit sites was provided that included a total of 3 deposit sites. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected all 3 deposit sites and performed the procedures below.*

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

*A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 52 collection locations. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

*We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*For one of the 10 deposits tested, the deposit was not made within one business day.*

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

*No exceptions noted.*

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

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

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected all three locations and performed the procedures below.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*A listing of non-payroll disbursements for each payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected 15 disbursements and performed the procedures below.*

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

*No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted.*

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

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

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

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

*From the listing provided, we randomly selected 5 cards (1 credit cards and 4 fuel cards) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.*

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*For the 1 credit card tested, the monthly statement provided did not contain evidence of review by someone other than the card holder. However, supporting documentation (receipts) for each of the transactions on the card did contain evidence of review.*

*For the 4 fuel cards tested, the monthly statement provided did contain evidence of review by someone other than the card holder. However, there was not evidence that supporting documentation/exception reports were reviewed.*

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

*No exceptions noted.*

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

*We selected all transactions for 1 of the 5 cards selected in procedure #12 (4 fuel cards excluded) and performed the specified procedures. No exceptions noted.*

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

### **Contracts**

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

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***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- a) Observe that 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.)

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

#### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*No exceptions noted.*

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*No exceptions noted.*

#### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

#### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.*

***Corrective Action***

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25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

*See attached response.*

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.

Sincerely,

*Postlethwaite + Netterville*

December 21, 2018

East Baton Rouge Sheriff's Office  
Management's Response to Agreed-Upon Procedures Exceptions  
December 21, 2018

**Written Policies and Procedures**

The EBRSO will review its policies and procedures over Contracting and Ethics to ensure compliance with best practices as best fits the current and future operations of the EBRSO.

**Bank Reconciliations**

The EBRSO will review its policies and procedures over bank reconciliations to address researching reconciling items outstanding for more than 12 months.

**Collections**

The EBRSO makes every effort to meet the legal requirement of one business day deposit of funds collected, when practicable. The one deposit noted as an exception will be reviewed to determine if the deposit was unable to be made for practicable reasons or if additional safeguards need to be implemented over collections and deposits of funds.

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

The EBRSO will review its policies and procedures over the review and approval of credit card statements to ensure all statements are properly reviewed regardless of whether all individual invoices and receipts have been properly reviewed and approved.

EBRSO Fleet Operations along with the Finance Division will identify available exception reports from its fuel credit card provider that will provide the most timely and useful information in review of fuel usage by its employees. These reports will be accessed on a monthly basis and review by the Fleet Operations Captain or his designee and all variances will be investigated to the satisfaction of the Fleet Operations Captain.