

**ST. MARTIN PARISH SHERIFF**  
**St. Martinville, Louisiana**

**Financial Report**

**Year Ended June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

\*A Professional Accounting Corporation

The Honorable Ronald J. Theriot  
St. Martin Parish Sheriff  
St. Martinville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of employer's share of net pension liability, the schedule of employer contributions, the schedule of changes in the Sheriff's total OPEB liability and related ratios, and applicable notes to required supplementary information on pages 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish Sheriff's basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of the St. Martin Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and

other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Martin Parish Sheriff's internal control over financial reporting and compliance.

***Champagne & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 4, 2019

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Net Position  
June 30, 2019

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 9,527,716
Inventory	19,932
Receivables	526,401
Due from other governmental units	428,855
Prepaid items	<u>156,031</u>
Total current assets	<u>10,658,935</u>

Noncurrent assets:

Capital assets:

Non-depreciable	1,549,032
Depreciable, net	<u>9,789,266</u>
Total noncurrent assets	<u>11,338,298</u>

Total assets	<u>21,997,233</u>
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred amount on pension	2,583,048
Deferred amount on post employment benefit plan	<u>1,770,323</u>
Total deferred outflows of resources	<u>4,353,371</u>

LIABILITIES

Current liabilities:

Accounts payable	127,295
Due to others	78,734
Retainage payable	17,881
Other accrued liabilities	442,011
Capital lease payable	<u>116,461</u>
Total current liabilities	<u>782,382</u>

Noncurrent liabilities:

Capital lease payable	71,125
Postemployment benefit obligation payable	10,421,624
Net pension liability	<u>4,157,894</u>
Total noncurrent liabilities	<u>14,650,643</u>

Total liabilities	<u>15,433,025</u>
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DEFERRED INFLOWS OF RESOURCES	<u>1,639,613</u>
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NET POSITION

Net investment in capital assets	11,150,712
Unrestricted	<u>(1,872,746)</u>
Total net position	<u>\$ 9,277,966</u>

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2019

Expenses:	
Public safety:	
Personal services and related benefits	\$ 10,053,520
Operating services	2,440,822
Operations and maintenance	3,832,406
Interest expense	<u>11,359</u>
Total expenses	<u>16,338,107</u>
Program revenues:	
Fines, forfeitures, and other fees	<u>2,944,246</u>
Net program expense	<u>(13,393,861)</u>
General revenues:	
Property taxes, levied for general purposes	6,837,504
Sales tax	3,973,516
Federal sources	78,588
State sources	2,151,919
Nonemployer pension contributions	442,667
Interest and investment earnings	162,984
Miscellaneous	<u>850,673</u>
Total general revenues	<u>14,497,851</u>
Change in net position	1,103,990
Beginning net position	<u>8,173,976</u>
Ending net position	<u>\$ 9,277,966</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

### **MAJOR FUNDS**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **911 Communications District -**

To account for the operation of the communications district which was established to implement and administer the 911 emergency telephone system. The system is financed by user fees assessed on customer's telephone service. Expenditures for this system are paid from this fund.

### **NONMAJOR FUND**

#### **Debt Service Fund**

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	911 Communications District	Nonmajor Debt Service Fund	Total
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 8,330,884	\$ 1,196,832	\$ -	\$ 9,527,716
Receivables:				
Due from other governmental units	428,855	-	-	428,855
Due from other funds	76,205	-	-	76,205
Sales tax receivable	355,881	-	-	355,881
Other receivables	2,618	167,902	-	170,520
Inventory	19,932	-	-	19,932
Prepaid items	148,527	7,504	-	156,031
Total assets	<u>\$ 9,362,902</u>	<u>\$ 1,372,238</u>	<u>\$ -</u>	<u>\$ 10,735,140</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 127,295	\$ -	\$ -	\$ 127,295
Due to others	78,734	-	-	78,734
Retainage payable	17,881	-	-	17,881
Other accrued liabilities	284,393	16,149	-	300,542
Due to other funds	-	76,205	-	76,205
Total liabilities	<u>508,303</u>	<u>92,354</u>	<u>-</u>	<u>600,657</u>
Fund balances -				
Nonspendable	168,459	7,504	-	175,963
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	1,272,380	-	1,272,380
Unassigned	8,686,140	-	-	8,686,140
Total fund balances	<u>8,854,599</u>	<u>1,279,884</u>	<u>-</u>	<u>10,134,483</u>
Total liabilities and fund balances	<u>\$ 9,362,902</u>	<u>\$ 1,372,238</u>	<u>\$ -</u>	<u>\$ 10,735,140</u>

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2019

Total fund balance for governmental funds at June 30, 2019 \$ 10,134,483

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. Those assets consist of:

Land	\$ 1,134,825	
Construction in progress	414,207	
Buildings and improvements, net of \$3,134,222 accumulated depreciation	6,747,065	
Equipment and vehicles, net of \$5,924,784 accumulated depreciation	<u>3,042,201</u>	11,338,298

The deferred outflows of expenditures are not a use of current resources, and are therefore not reported in the funds:

Pension plan	2,583,048	
Post employment benefit obligation	<u>1,770,323</u>	4,353,371

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Capital lease payable and underlying accrued interest	(187,957)	
Accrued compensated absences	(141,098)	
Net OPEB obligation payable	(10,421,624)	
Net pension liability	<u>(4,157,894)</u>	(14,908,573)

The deferred inflows of contributions are not available resources, and therefore, are not reported in the funds:

Pension plan		<u>(1,639,613)</u>
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Total net position of governmental activities at June 30, 2019 \$ 9,277,966

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2019

	General	911 Communications District	Nonmajor Debt Service Fund	Totals
<b>Revenues:</b>				
Taxes	\$ 10,811,020	\$ -	\$ -	\$ 10,811,020
Intergovernmental	2,230,507	-	-	2,230,507
Fees, charges, and commissions for services	1,825,511	1,118,735	-	2,944,246
Interest income	145,750	17,234	-	162,984
Miscellaneous	850,503	-	-	850,503
Total revenues	15,863,291	1,135,969	-	16,999,260
<b>Expenditures:</b>				
Current -				
Public safety:				
Personal services and related benefits	8,681,202	720,661	-	9,401,863
Operating services	2,286,282	154,540	-	2,440,822
Operations and maintenance	2,644,746	139,709	-	2,784,455
Debt service - principal	276,863	-	-	276,863
Debt service - interest	11,359	-	-	11,359
Capital outlay	1,223,336	16,546	-	1,239,882
Total expenditures	15,123,788	1,031,456	-	16,155,244
Excess (deficiency) of revenues over expenditures	739,503	104,513	-	844,016
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	188,459	-	-	188,459
Transfers in	13	-	-	13
Transfers out	-	-	(13)	(13)
Total other financing sources	188,472	-	(13)	188,459
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	927,975	104,513	(13)	1,032,475
Fund balances, beginning	7,926,624	1,175,371	13	9,102,008
Fund balances, ending	\$ 8,854,599	\$ 1,279,884	\$ -	\$ 10,134,483

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019

Total net change in fund balances at June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 1,032,475
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,239,882	
Depreciation expense for the year ended June 30, 2019	<u>(1,027,798)</u>	212,084
<p>Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.</p>		
		(19,301)
Expenses not requiring the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Net change in capital lease payable	88,573	
Net change in post employment benefit obligation payable and related deferrals	(507,943)	
Net change in net pension liability and related deferrals	<u>298,102</u>	<u>(121,268)</u>
Total change in net position at June 30, 2019 per Statement of Activities		<u>\$ 1,103,990</u>

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

## **FUND DESCRIPTIONS - FIDUCIARY FUNDS**

### **AGENCY FUNDS**

All of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary net assets.

#### **Civil Fund**

The Civil Fund was established to account for funds held in connection with civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

#### **Tax Collector Fund**

The Tax Collector Fund was established per Article V, Section 27 of the Louisiana Constitution of 1974, which provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Fund is used to collect and distribute these taxes and fees to appropriate taxing bodies.

#### **Bonds and Fines Fund**

The Bonds and Fines Fund is used to account for the collection of bonds, fines, installment fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

#### **Inmate Trust Fund**

The Prison Inmate Fund is used to account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

#### **Inmate Welfare Fund**

The Inmate Welfare Fund is used to account for the funds confiscated from inmates and used for the general welfare of the inmates as a whole. The Inmate Welfare Fund was closed as of June 30, 2019.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Statement of Fiduciary Net Position - Agency Funds  
June 30, 2019

Assets	
Cash and cash equivalents	<u>\$ 911,019</u>
Liabilities	
Held for inmates	\$ 61,766
Held for taxing bodies	<u>849,253</u>
Total liabilities	<u>\$ 911,019</u>

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

The accompanying financial statements of the St. Martin Parish Sheriff (Sheriff) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the St. Martin Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, 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 parish government as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish government, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

In determining the financial reporting entity, the Sheriff complies with the provisions of GASB Statement 14, "The Financial Reporting Entity," and includes all component units of which the Sheriff appointed a voting majority of the units' board; the Sheriff is either able to impose its will on the unit or a financial benefit or burden relationship exists. Blended component units are separate legal entities that meet the criteria described above and whose governing body is the same or substantially the same as the Sheriff or the component unit provides services entirely to the Sheriff. These component units' funds are blended into those of the Sheriff's by appropriate activity type to compose the primary government presentation. The component unit that is blended into the reporting activity of the Sheriff's report is described below:

The 911 Communications District was created in 1988 to implement and administer the 911 emergency telephone system. The Sheriff is financially accountable for the District as a result of fiscal dependency. The District is reported as a special revenue fund.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The Sheriff has no business-type activities.

The statement of activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Sheriff are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistently with legal and managerial requirements.

The various funds of the Sheriff are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff, if management chooses to define a particular fund as major, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

percent of the corresponding total for all funds of that category or type; and

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Sheriff considered to be major funds are described below:

Governmental Funds –

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for and reports all operations of the Sheriff's office not accounted for and reported in another fund. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, sales and use tax of one-half percent (.5%), and fees for feeding and keeping prisoners. Other sources of revenue include video poker revenue, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

911 Communications District Special Revenue Fund

This special revenue fund accounts for the operation of the communications district which was established to implement and administer the conventional and wireless 911 emergency telephone system. The system is financed by user fees assessed on customers' telephone service. Expenditures for this system are paid from this fund.

The following fund is a nonmajor fund:

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Agency Funds –

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The individual agency funds used by the Sheriff for the year ended June 30, 2019 are as follows:

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Civil Fund – To account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

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 is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Bonds and Fines Fund – To account for the collection of bonds, fines, installment fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Inmate Trust Fund – To account for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates.

Inmate Welfare Fund – To account for funds confiscated from inmates and used for the general welfare of the inmates as a whole.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. For revenue recognition as it relates to federal awards, available means collectible within 12 months of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Sheriff.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to fixed assets. The Sheriff's threshold for capitalization is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	3-10 years

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

Compensated Absences

Employees of the Sheriff's office earn from 96 hours to 120 hours per calendar year of vacation leave depending on total years of service and number of hours worked. A maximum of 48 hours of unused accrued vacation time is allowed to be carried over to subsequent years. Full-time employees earn 96 hours per year of sick leave. Sick leave may be accumulated; however, if an employee resigns or is terminated, the accumulated sick leave is forfeited. Upon retirement, accumulated sick leave in excess of 320 hours shall be paid in biweekly installments. A lump sum payment may be requested barring any budgetary constraints. Should budgetary constraints prohibit lump sum payment, severance pay will be distributed in bi-weekly installments. At June 30, 2019 the Sheriff has \$135,635 of leave benefits required to be accrued and reported.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Sheriff. The Sheriff is the highest level of decision-making authority for the Sheriff's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Sheriff.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Sheriff's adopted policy, only he may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

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Notes to Basic Financial Statements (continued)

As of June 30, 2019, fund balances are composed of the following:

	General Fund	911 Communications District	Nonmajor Debt Service Fund	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 148,527	\$ 7,504	\$ -	\$ 156,031
Inventory	19,932	-	-	19,932
Restricted:				
Debt service	-	-	-	-
Assigned:				
911 services	-	1,272,380	-	1,272,380
Unassigned	<u>8,686,140</u>	<u>-</u>	<u>-</u>	<u>8,686,140</u>
Total fund balances	<u>\$ 8,854,599</u>	<u>\$ 1,279,884</u>	<u>\$ -</u>	<u>\$ 10,134,483</u>

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

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items. The prepaid items that existed at June 30, 2019 were prepaid insurance and prepaid software and maintenance agreements.

F. Inventory

The inventory is stated at cost, which is determined by the first-in, first-out method.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$10,438,735 of which \$911,019 is attributable to fiduciary funds, which is not presented in the statement of net position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered, or the Sheriff will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2019 are secured as follows:

Bank balances	<u>\$ 10,838,747</u>
At June 30, 2019 the deposits are secured as follows:	
Federal deposit insurance	\$ 1,271,692
Pledged securities	<u>9,567,055</u>
Total	<u>\$ 10,838,747</u>

Deposits in the amount of \$9,567,055 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department, but not in the Sheriff's name. The Sheriff does not have a policy for custodial credit risk.

(3) Ad Valorem Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the taxing bodies in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

the Tax Assessor of St. Martin Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2019, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.91 mills on property with assessed valuations totaling \$385,050,480.

Total law enforcement taxes levied during 2019 were \$6,896,272.

(4) Due From Other Governmental Units and Others

Amounts due from other governmental units at June 30, 2019, consist of the following:

Maintenance of prisoners	\$ 98,429
State and parish contracts	19,150
Video poker revenue	225,658
Court attendance, civil fees, bond fees, etc.	26,677
Salary reimbursements	42,613
Pay telephone commissions	6,815
Other sources	9,513
Totals	<u>\$ 428,855</u>

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Land	\$ 1,134,825	\$ -	\$ -	\$ 1,134,825
Construction in progress	38,035	376,172	-	414,207
Buildings and improvements	9,870,256	11,031	-	9,881,287
Equipment and vehicles	6,937,842	664,220	(294,298)	7,307,764
Equipment and vehicles-capital leases	1,603,632	188,459	(132,870)	1,659,221
Totals	<u>19,584,590</u>	<u>1,239,882</u>	<u>(427,168)</u>	<u>20,397,304</u>
Less accumulated depreciation				
Buildings and improvements	(2,863,064)	(271,158)	-	(3,134,222)
Equipment and vehicles	(4,692,824)	(562,529)	287,695	(4,967,658)
Equipment and vehicles-capital leases	(883,187)	(194,111)	120,172	(957,126)
Total accumulated depreciation	<u>(8,439,075)</u>	<u>(1,027,798)</u>	<u>407,867</u>	<u>(9,059,006)</u>
Governmental activities, capital assets, net	<u>\$11,145,515</u>	<u>\$ 212,084</u>	<u>\$ (19,301)</u>	<u>\$11,338,298</u>

Depreciation expense was charged to governmental activities as operations and maintenance in the amount of \$1,027,798.

(6) Operating Leases

A. As Lessee:

Rental expense for the year ended June 30, 2019 was \$36,882. The Sheriff had the following lease agreements in effect during the year ended June 30, 2019:

Description	Balance Term	Expiration Date	Payment Frequency	Lease Amount
Mail machine	4 Years	06/2021	quarterly	\$ 1,277

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

The lease payments for the remaining years are as follows:

Year Ending June 30		
2020		\$ 5,109
2021		5,109
		\$ 10,218

B. As Lessor:

In the year ended June 30, 2015, the Sheriff entered into a lease agreement with the Louisiana State Police which allowed the Louisiana State Police to occupy Jail II and related Substation facility for a period of five years from March 21, 2014 through March 20, 2019. The lease agreement calls for total payments to be \$630,000, which includes: an initial payment of \$3,500 in March 2014, fifty-nine monthly payments of \$10,500 per month beginning in April 2014, and a final payment of \$7,000 in March 2019. In the year ended June 30, 2019, the Sheriff entered into a new lease agreement, for a period of five years from March 21, 2019 through March 30, 2024. The new lease agreement calls for total payments to be \$861,577, which includes: an initial payment of \$4,787 in March 2019, fifty-nine monthly payments of \$14,360 per month beginning April 2019, and a final payment of \$9,573 in March 2024. Total lease payments received by the Sheriff for the year ended June 30, 2019 totaled \$138,865. The facility has a cost of \$990,711, accumulated depreciation of \$584,875, and a carrying value of \$405,836.

(7) Pension Plan / GASB 68

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriffs' Pension and Relief Fund (Fund) and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Fund is a cost-sharing, multiple employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association, and the Sheriffs' Pension and Relief Fund's office.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Summary of Significant Accounting Policies:

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

Basis of Accounting:

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

Fund Employees:

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

Plan Fiduciary Net Position:

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

Plan Description:

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

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

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Notes to Basic Financial Statements (continued)

Retirement Benefits

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

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

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

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

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

Disability Benefits

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

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor Benefits

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

Deferred Benefits

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

Back Deferred Retirement Option Plan (Back-DROP)

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

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Cost-of-Living Adjustments

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

Employer Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each fiscal year. For the year ending June 30, 2018, the actual employer contribution rate was 12.75% with an additional 0% allocated from the Funding Deposit Account.

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 in the amount of \$442,667 and excluded from pension expense for the year ended June 30, 2019.

Schedule of Employer Allocations:

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

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2018 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2018.

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

At June 30, 2019, the Sheriff reported a liability of \$4,157,894 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Sheriff's proportion was 1.084296%, which was a decrease of 0.061748% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Sheriff recognized pension expense of \$1,098,677 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$2,710.

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

At June 30, 2019, 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 experiences	\$ -	\$ 1,167,186
Changes of assumptions	1,229,132	-
Net difference between projected and actual earnings on pension plan investments	-	246,826
Change in proportion and differences between employer contributions and proportionate share of contributions	397,094	225,601
Employer contributions subsequent to the measurement date	956,822	-
Total	\$ 2,583,048	\$ 1,639,613

Deferred outflows of resources of \$956,822 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of the 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 in pension expense as follows:

Fiscal Year Ended	
2020	\$ 357,998
2021	103,266
2022	(425,749)
2023	(37,722)
2024	(11,180)

Actuarial Assumptions:

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

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.25%, net of investment expense
Discount Rate	7.25%
Projected Salary Increases	5.5% (2.6% inflation, 2.9% merit)
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants, and beneficiaries RP-2000 Disabled Lives Mortality Table for disabled annuitants
Expected Remaining Service Lives	2018 - 6 years 2017 - 7 years 2016 - 7 years 2015 - 6 years 2014 - 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

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

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Notes to Basic Financial Statements (continued)

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as on June 30, 2018 were as follows:

Asset Class	Expected Rate of Return		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	62%	6.9%	4.3%
Bonds	23%	3.2%	0.7%
Alternative Investments	15%	4.5%	0.7%
Totals	100%		5.7%
Inflation			<u>2.5%</u>
Expected Arithmetic Nominal Return			<u>8.2%</u>

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate:

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate as of June 30, 2018:

	Changes in Discount Rate		
	1.0% Decrease 6.25%	Current Discount Rate 7.25%	1.0% Increase 8.25%
Employer's proportionate share of the net pension liability	<u>\$ 9,409,870</u>	<u>\$ 4,157,894</u>	<u>\$ (263,669)</u>

ST. MARTIN PARISH SHERIFF  
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Notes to Basic Financial Statements (continued)

Change in net pension liability:

The changes in the net pension liability for the year ended June 30, 2018 were recognized in the current reporting period except as follows:

- a. Differences between expected and actual experience: The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred inflows of resources in the amount of \$1,167,186 for the year ended June 30, 2018.
- b. Changes of assumptions: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$1,229,132 for the year ended June 30, 2018.
- c. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The differences between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$246,826 for the year ended June 30, 2018.
- d. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in the employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$397,094 and in a deferred inflow of resources in the amount of \$225,601 for the year ended June 30, 2018.

Contributions - Proportionate Share:

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Estimates:

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

Retirement Fund Audit Report:

The Sheriffs' Pension and Relief Fund has issued a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

(8) Changes in Agency Fund Balances

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

	Civil Fund	Tax Collector Fund	Bonds and Fines Fund	Inmate Trust Fund	Inmate Welfare
Balances, June 30, 2018	\$ 90,767	\$ 144,135	\$ 377,213	\$ 69,567	\$ -
Additions	812,573	41,936,189	2,050,929	245,288	-
Reductions	<u>(831,352)</u>	<u>(41,739,423)</u>	<u>(1,995,852)</u>	<u>(249,015)</u>	<u>-</u>
Balances, June 30, 2019	<u>\$ 71,988</u>	<u>\$ 340,901</u>	<u>\$ 432,290</u>	<u>\$ 65,840</u>	<u>\$ -</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the St. Martin Parish Sheriff for the year ended June 30, 2019. The bonds relate to governmental activities and are paid by the debt service fund. The capital leases also relate to governmental activities, and the payments are made from the general fund. In the past, payments on long-term debt that pertained to the Sheriff's governmental activities were made by either the debt service fund or by the general fund.

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

	Equipment Capital Lease	Vehicle Capital Leases	Total
Long-term debt at June 30, 2018	\$ 195,030	\$ 81,129	\$ 276,159
Debt assumed	-	188,459	188,459
Debt retired	(131,503)	(145,529)	(277,032)
Long-term debt at June 30, 2019	\$ 63,527	\$ 124,059	\$ 187,586

Long-term debt at June 30, 2019 is comprised of the following:

Vehicle Capital Leases:

\$31,410 capital lease on (1) 2018 Chevrolet Tahoe, due in quarterly installments of \$4,176; from November 14, 2018 to August 14, 2020; interest rate of 5.000 percent	\$ 20,036
\$125,640 capital lease on (4) 2018 Chevrolet Tahoes, due in quarterly installments of \$16,703; from December 1, 2018 to September 1, 2020; interest rate of 5.000 percent	80,143
\$31,410 capital lease on (1) 2018 Chevrolet Tahoe, due in quarterly installments of \$4,176; from January 15, 2019 to October 15, 2021; interest rate of 5.000 percent	23,880
	\$ 124,059

Equipment Capital Leases:

\$101,313 capital lease on taser packages for police officers due in annual installments of \$16,610 for the first payment, and \$21,176 for the remaining four payments; from October 20, 2017 to October 20, 2021	\$ 63,527
Total debt	\$ 187,586
Less: current portion	(116,461)
Long-term debt	\$ 71,125

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The annual requirements to amortize all debt outstanding at June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 116,461	\$ 4,933	\$ 121,394
2021	49,949	457	50,406
2022	21,176	-	21,176
Totals	<u>\$ 187,586</u>	<u>\$ 5,390</u>	<u>\$ 192,976</u>

(10) Litigation and Claims

At June 30, 2019, the Sheriff is involved in several lawsuits claiming damages. Management is of the opinion that insurance coverage should be adequate to cover most monetary damages. A liability has been accrued at June 30, 2019 in the amount of \$22,641, which represents additional anticipated out-of-pocket costs.

(11) Expenditures of the Sheriff's Office Paid by the Parish Council

The cost of maintaining and operating the Sheriff's office building, as required by statute, is paid by the St. Martin Parish Government. These expenditures are not included in the accompanying financial statements.

(12) Risk Management

The Sheriff is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks, with the exception of workers' compensation, are handled by purchasing commercial insurance. The Sheriff is liable for claims up to \$25,000 per incident. The Sheriff's office is considered to be self-insured for workers' compensation. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the preceding two years. There was one settlement during the year ended June 30, 2019.

(13) Health Care Liability

The Sheriff established a limited risk management program for group hospitalization insurance, effective July 1, 2011. The Sheriff hired UMR as administrator for this program. This plan provides employee health benefits up to a maximum of \$1,200,000 per employee in a lifetime.

The General Fund of the Sheriff recognizes the assets, liabilities, revenues and expenditures of the group hospitalization insurance plan. The claims liability of \$88,424 reported in the general

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

fund at June 30, 2019, is based on the loss that is probable to have existed at the date of the financial statements and the amount of the loss that can be reasonably reduced by estimated insurance reimbursements. The Sheriff currently does not discount its claims liabilities.

A reconciliation of changes in liabilities is as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
Group hospitalization				
2016-2017	\$ 220,013	2,358,894	(2,401,127)	\$ 177,780
2017-2018	\$ 177,780	2,626,969	(2,522,038)	\$ 282,711
2018-2019	\$ 282,711	2,195,989	(2,390,276)	\$ 88,424

(14) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2019:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 76,205	\$ -
911 Communications District	-	76,205
Total	<u>\$ 76,205</u>	<u>\$ 76,205</u>

Several months of operating expenses had not yet been reimbursed at year-end, causing the balances noted above. These reimbursements are expected to be made within the next fiscal year.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 13	\$ -
Nonmajor Fund	-	13
Total	<u>\$ 13</u>	<u>\$ 13</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

Transfers are made from the general fund to the non-major fund for payments due on the outstanding bond issuance.

(15) Other Post-Retirement Health Care and Life Insurance Benefits / GASB 75

*Plan Description* – The St. Martin Parish Sheriff adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. The St. Martin Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The St. Martin Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75. The Sheriff does not issue a separate financial report.

*Benefits Provided* – Medical and life insurance benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree only (not dependents) for employees with 15 or more years of service hired before July 1, 2009. For employees hired on and after July 1, 2009, the employer pays 50% of the retiree's medical coverage (not dependents) for 20 or more years of service. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows. For employees whose membership in the retirement system began prior to January 1, 2012, retirement eligibility is 30 years of service at any age or, age 55 and 12 years of service. For employees whose membership in the retirement system began on or after January 1, 2012, retirement eligibility is 30 years of service and age 55 or, age 60 and 20 years of service, or age 62 and 12 years of service.

Life insurance coverage is continued to retirees and the employer pays 100% of the cost of the retiree's life insurance after retirement based on the blended premium. For employees hired on and after January 1, 2009, the employer pays for the first \$10,000 of life insurance and the retiree pays the blended premium for the remainder. There is an age-related reduction formula after retirement (reducing to 75% of pre-retirement coverage at age 65 and to 50% at age 70). The employer cost is based on the blended active/retired rate and there is thus an additional implied subsidy. Since GASB 75 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Inactive members entitled to but not yet receiving benefit payments	-
Active employees	<u>180</u>
	<u>219</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

**Total OPEB Liability**

The Sheriff's total OPEB liability of \$10,421,624 was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

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

Mortality rates were based on the 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

**Changes in the Total OPEB Liability**

Balance at June 30, 2018	<u>\$ 8,369,438</u>
Changes for the year:	
Service cost	149,686
Interest	288,136
Differences between expected and actual experience	272,993
Changes in assumptions	1,615,352
Benefit payments, net transfers, and direct expenses	<u>(273,981)</u>
Net changes	<u>2,052,186</u>
Balance at June 30, 2019	<u><u>\$10,421,624</u></u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

*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 (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1.0% Decrease 2.5%	Current Discount Rate 3.5%	1.0% Increase 4.5%
Total OPEB liability	<u>\$11,934,605</u>	<u>\$ 10,421,624</u>	<u>\$ 9,221,562</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:

	1.0% Decrease 4.5%	Current Discount Rate 5.5%	1.0% Increase 6.5%
Total OPEB liability	<u>\$ 9,196,298</u>	<u>\$ 10,421,624</u>	<u>\$ 11,949,985</u>

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

For the year ended June 30, 2019, the Sheriff recognized OPEB expense of \$569,192. At June 30, 2019, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 255,931	\$ -
Changes of assumptions	1,514,392	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 1,770,323</u>	<u>\$ -</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

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

Fiscal Year Ending June 30	
2020	\$ 126,452
2021	126,452
2022	126,452
2023	126,452
2024	126,452
Thereafter	1,138,063

(16) Ex-officio Tax Collector

The amount of cash on hand at year-end was \$340,901. The amount of ad valorem taxes collected by taxing authority was:

St. Martin Parish Government	\$ 12,193,656
St. Martin Parish School Board	12,683,394
St. Martin Parish Assessor	1,305,822
St. Martin Parish Water & Sewer Districts	536,557
St. Martin Parish Law Enforcement	6,778,846
St. Martin Parish Library	2,895,493
Teche-Vermillion Freshwater District	533,682
Atchafalaya Basin Levee District	476,086
Municipalities	507,886
Department of Agriculture and Forestry	20,580
Louisiana Tax Commission	16,473
St. Martin Parish Hospital District	847,036
	\$ 38,795,511

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

	<u>LTC</u> <u>Decreases</u>	<u>FDIC</u> <u>Property</u>	<u>Bank-</u> <u>ruptcy</u>	<u>Adjudi-</u> <u>cations</u>	<u>Unpaid</u>
St. Martin Parish Government	\$ 107,795	\$ 29	\$ 3,815	\$ 7,124	\$ 140,716
St. Martin Parish School Board	111,482	36	4,650	8,701	133,212
St. Martin Parish Assessor	11,477	4	479	896	13,715
St. Martin Parish Water & Sewer Districts	4,803	-	-	66	6,636
St. Martin Parish Law Enforcement	59,583	19	2,485	4,650	71,197
St. Martin Parish Library	25,450	8	1,062	1,986	30,411
Teche-Vermillion Freshwater District	4,691	1	196	366	5,605
Atchafalaya Basin Levee District	4,536	4	7	322	3,414
Municipalities	1,161	-	90	1,132	1,428
Department of Agriculture and Forestry	207	-	3	34	-
Louisiana Tax Commission	-	-	-	-	-
St. Martin Parish Hospital District	7,604	9	142	925	3,975
	<u>\$ 338,789</u>	<u>\$ 110</u>	<u>\$ 12,929</u>	<u>\$ 26,202</u>	<u>\$ 410,309</u>

The amount of occupational licenses collected by taxing authority was:

St. Martin Parish Government	\$ 1,044,973
St. Martin Parish Law Enforcement	<u>184,407</u>
	<u>\$ 1,229,380</u>

(17) Act 706 – Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the St. Martin Parish Sheriff's Office is required to disclose the compensation, reimbursements, benefits, and other payments made to the Sheriff, in which the payments are related to the position. The following is a schedule of payments made to the Sheriff for the year ended June 30, 2019.

Entity head: Ronald J. Theriot, Sheriff

Salary and allowance	\$ 160,778
Benefits - insurance	8,652
Benefits - retirement	<u>19,641</u>
Total	<u>\$ 189,071</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to Basic Financial Statements (continued)

(18) New Accounting Pronouncement

In January of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this Statement must be implemented by the St. Martin Parish Sheriff for the year ending June 30, 2020. The effect of implementation on this St. Martin Parish Sheriff's financial statements has not yet been determined.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$10,254,502	\$10,792,767	\$10,811,020	\$ 18,253
Intergovernmental	2,179,347	2,242,430	2,230,507	(11,923)
Fees, charges, and commissions for services	1,402,682	1,686,211	1,825,511	139,300
Interest Income	70,000	115,000	145,750	30,750
Miscellaneous	574,654	748,636	850,503	101,867
Total revenues	14,481,185	15,585,044	15,863,291	278,247
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Personal services and related benefits	8,884,337	8,802,561	8,681,202	121,359
Operating services	2,435,038	2,551,582	2,286,282	265,300
Operations and maintenance	2,775,072	2,620,063	2,644,746	(24,683)
Debt service	183,560	187,689	288,222	(100,533)
Capital outlay	202,081	1,790,332	1,223,336	566,996
Total expenditures	14,480,088	15,952,227	15,123,788	828,439
Excess (deficiency) of revenues over expenditures	1,097	(367,183)	739,503	1,106,686
<b>Other financing sources (uses):</b>				
Proceeds from capital lease	-	-	188,459	188,459
Transfers in	-	-	13	13
Total other financing sources (uses)	-	-	188,472	188,472
Deficiency of revenues over expenditures and other financing sources (uses)	1,097	(367,183)	927,975	1,295,158
Fund balance, beginning	7,691,733	7,926,624	7,926,624	-
Fund balance, ending	\$ 7,692,830	\$ 7,559,441	\$ 8,854,599	\$ 1,295,158

ST. MARTIN PARISH SHERIFF  
 St. Martinville, Louisiana  
 Special Revenue Fund - 911 Communications District

Budgetary Comparison Schedule  
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenue</b>				
Fees, charges, and commissions for services				
911 fees	\$1,155,660	\$ 1,127,500	\$ 1,118,735	\$ (8,765)
Interest income	9,500	15,150	17,234	2,084
Total revenues	<u>1,165,160</u>	<u>1,142,650</u>	<u>1,135,969</u>	<u>(6,681)</u>
<b>Expenditures</b>				
Current:				
Public Safety				
Personal services and related benefits:				
Salaries	624,503	642,253	634,265	7,988
Pension and payroll taxes	87,225	87,725	86,396	1,329
Total personnel service and related benefits	<u>711,728</u>	<u>729,978</u>	<u>720,661</u>	<u>9,317</u>
Operating services:				
Hospitalization insurance	167,500	180,000	149,376	30,624
Other liability insurance	5,500	5,500	5,164	336
Total operating services	<u>173,000</u>	<u>185,500</u>	<u>154,540</u>	<u>30,960</u>
Operations and maintenance:				
Leases and rents	-	-	1,815	(1,815)
Office supplies and expense	1,500	1,250	1,138	112
E-911 implement	69,300	61,100	74,143	(13,043)
Other	65,725	60,950	62,613	(1,663)
Total operations and maintenance	<u>136,525</u>	<u>123,300</u>	<u>139,709</u>	<u>(16,409)</u>
Capital outlay				
Equipment and vehicles	195,011	229,212	16,546	212,666
Total capital outlay	<u>195,011</u>	<u>229,212</u>	<u>16,546</u>	<u>212,666</u>
Total expenditures	<u>1,216,264</u>	<u>1,267,990</u>	<u>1,031,456</u>	<u>236,534</u>
Excess of revenues over expenditures	(51,104)	(125,340)	104,513	229,853
Fund balance, beginning	<u>1,106,003</u>	<u>1,175,371</u>	<u>1,175,371</u>	<u>-</u>
Fund balance, ending	<u>\$1,054,899</u>	<u>\$ 1,050,031</u>	<u>\$ 1,279,884</u>	<u>\$ 229,853</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2019

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.008367%	\$ 3,993,139	\$ 6,535,128	61.10%	87.34%
2016	1.074946%	4,791,590	7,127,064	67.23%	86.61%
2017	1.130292%	7,173,845	7,712,873	93.01%	82.10%
2018	1.146044%	4,962,684	7,938,059	62.52%	88.49%
2019	1.084296%	4,157,894	7,462,568	55.72%	90.41%

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

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Employer Contributions  
For the Year Ended June 30, 2019

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 1,015,606	\$ 1,015,606	\$ -	\$ 7,127,064	14.25%
2016	1,061,242	1,061,242	-	7,712,873	13.75%
2017	1,051,793	1,051,793	-	7,938,059	13.25%
2018	951,521	951,521	-	7,462,568	12.75%
2019	956,822	956,822	-	7,785,756	12.29%

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

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Changes in the Sheriff's Total OPEB Liability and Related Ratios  
For the Year Ended June 30, 2019

	2018	2019
<b>Total OPEB Liability</b>		
Service cost	\$ 143,077	\$ 149,686
Interest	270,964	288,136
Changes of benefit terms	-	-
Differences between expected and actual experience	213,560	272,993
Changes of assumptions	-	1,615,352
Benefit payments	-	(273,981)
<b>Net change in total OPEB liability</b>	<b>627,601</b>	<b>2,052,186</b>
<b>Total OPEB liability - beginning</b>	<b>7,741,837</b>	<b>8,369,438</b>
<b>Total OPEB liability - ending</b>	<b>\$ 8,369,438</b>	<b>\$ 10,421,624</b>
 Covered-employee payroll	 \$ 7,284,679	 \$ 7,695,491
 Sheriff's net OPEB liability as a percentage of covered-employee payroll	 114.89%	 135.43%

**Notes to Schedule:**

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2019.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2019.

*This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.*

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2019

(1) Budget and Budgetary Accounting

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

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

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**OTHER SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Taxes:</b>				
Ad valorem	\$ 6,854,502	\$ 6,792,767	\$ 6,837,504	\$ 44,737
Sales tax	3,400,000	4,000,000	3,973,516	(26,484)
Total taxes	<u>10,254,502</u>	<u>10,792,767</u>	<u>10,811,020</u>	<u>18,253</u>
<b>Intergovernmental:</b>				
Federal grants	74,570	86,153	78,588	(7,565)
State of Louisiana -				
State grants	22,334	22,334	22,942	608
Revenue sharing	108,943	108,943	108,945	2
Video poker	1,350,000	1,425,000	1,429,310	4,310
Supplemental pay	623,500	600,000	590,722	(9,278)
Total intergovernmental	<u>2,179,347</u>	<u>2,242,430</u>	<u>2,230,507</u>	<u>(11,923)</u>
<b>Fees, charges, and commissions for services</b>				
Taxes and licenses	176,800	240,000	275,392	35,392
Civil and criminal fees	414,950	590,324	637,645	47,321
Court attendance	30,000	38,500	38,114	(386)
Feeding and keeping prisoners	631,000	631,000	688,951	57,951
State and parish contracts	49,332	49,332	49,332	-
Commissary sales	45,600	45,600	43,509	(2,091)
Telephone commissions	55,000	91,455	92,568	1,113
Total fees, charges, and commissions for services	<u>1,402,682</u>	<u>1,686,211</u>	<u>1,825,511</u>	<u>139,300</u>
Interest income	70,000	115,000	145,750	30,750
Miscellaneous	574,654	748,636	850,503	101,867
Total revenues	<u>\$ 14,481,185</u>	<u>\$ 15,585,044</u>	<u>\$ 15,863,291</u>	<u>\$ 278,247</u>

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Current:				
Public Safety				
Personal services and related benefits:				
Sheriff's salary	\$ 145,731	\$ 145,731	\$ 146,162	\$ (431)
Deputies' salaries	7,388,170	7,246,734	7,191,021	55,713
Other salaries	217,371	290,670	279,528	11,142
Pension and payroll taxes	1,058,449	1,027,810	986,406	41,404
Sheriff's expense allowance	14,616	14,616	14,616	-
Other related benefits	<u>60,000</u>	<u>77,000</u>	<u>63,469</u>	<u>13,531</u>
Total personnel service and related benefits	<u>8,884,337</u>	<u>8,802,561</u>	<u>8,681,202</u>	<u>121,359</u>
Operating services:				
Hospitalization insurance	2,005,660	2,128,304	1,865,037	263,267
Auto insurance	199,960	199,960	198,400	1,560
Other liability insurance	<u>229,418</u>	<u>223,318</u>	<u>222,845</u>	<u>473</u>
Total operating services	<u>2,435,038</u>	<u>2,551,582</u>	<u>2,286,282</u>	<u>265,300</u>
Operations and maintenance				
Auto fuel and oil	490,000	360,000	366,286	(6,286)
Auto maintenance	166,581	166,581	145,158	21,423
Deputy uniforms, supplies, etc.	177,533	177,012	153,265	23,747
Training	53,561	48,154	32,254	15,900
Office supplies and expenses	218,102	241,002	203,830	37,172
Small equipment	62,038	75,226	146,513	(71,287)
Telephone and utilities	328,000	313,000	303,305	9,695
Radio	3,020	3,020	207	2,813
Prisoner feeding and maintenance	290,138	284,138	286,409	(2,271)
Legal and professional fees	128,600	107,600	173,402	(65,802)
Criminal investigation expense	-	-	3,208	(3,208)
Leases and rents	32,700	32,700	29,958	2,742
Commissary expense	185	185	-	185
Other	<u>824,614</u>	<u>811,445</u>	<u>800,951</u>	<u>10,494</u>
Total operations and maintenance	<u>2,775,072</u>	<u>2,620,063</u>	<u>2,644,746</u>	<u>(24,683)</u>

(continued)

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt service:				
Principal payments	174,382	178,305	276,863	(98,558)
Interest	<u>9,178</u>	<u>9,384</u>	<u>11,359</u>	<u>(1,975)</u>
Total debt service	<u>183,560</u>	<u>187,689</u>	<u>288,222</u>	<u>(100,533)</u>
Capital outlay:				
Autos	33,000	64,000	573,336	(509,336)
Buildings	60	60	392,978	(392,918)
Other equipment	<u>169,021</u>	<u>1,726,272</u>	<u>257,022</u>	<u>1,469,250</u>
Total capital outlay	<u>202,081</u>	<u>1,790,332</u>	<u>1,223,336</u>	<u>566,996</u>
Total expenditures	<u>\$ 14,480,088</u>	<u>\$ 15,952,227</u>	<u>\$ 15,123,788</u>	<u>\$ 828,439</u>

STATE OF LOUISIANA, PARISH OF ST. MARTIN

AFFIDAVIT

The Honorable Ronald J. Theriot, Sheriff of St. Martin Parish

BEFORE ME, the undersigned authority, personally came and appeared, Ronald J. Theriot, the sheriff of St. Martin Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$340,901 is the amount of cash on hand in the tax collector account on June 30, 2019;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2018, by taxing authority, are true and correct.

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

Ronald J. Theriot
Signature
Sheriff of St. Martin Parish

SWORN to and subscribed before me, Notary, this 20th day of Nov. 2019
in my office in the City of St. Martinville, Louisiana.
(City/Town)

Darren Doré (Signature)
DARREN DORÉ (Print), # 21224
Notary Public
expires at death (Commission)

**INTERNAL CONTROL  
COMPLIANCE  
AND  
OTHER MATTERS**

# Champagne & Company, LLC

Certified Public Accountants

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\*A Professional Accounting Corporation

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

The Honorable Ronald J. Theriot  
St. Martin Parish Sheriff  
St. Martinville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish Sheriff, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the St. Martin Parish Sheriff's basic financial statements and have issued our report thereon dated December 4, 2019.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2019-001, to be a significant deficiency.

## **Compliance and Other Matters**

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

## **St. Martin Parish Sheriff's Response to Findings**

The St. Martin Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The St. Martin Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Champagne & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 4, 2019

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan  
For the Year Ended June 30, 2019

I. Prior Year Findings:

Internal Control Over Financial Reporting

2018-001      Inadequate Controls over Financial Statement Preparation

Finding: The Sheriff's department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2019-001.

Compliance

There were no findings that are required to be reported at June 30, 2018.

Management Letter Items

There were no findings that were required to be reported at June 30, 2018.

(continued)

ST. MARTIN PARISH SHERIFF  
St. Martinville, Louisiana

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2019

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

2019-001      Inadequate Controls Over Financial Statement Preparation  
Year initially occurred - unknown

Condition and criteria:

The Sheriff does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a significant deficiency in the internal control of the Sheriff.

Cause:

The condition resulted because Sheriff personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Sheriff should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's corrective action plan:

Mr. Ronald Theriot, Sheriff, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2019.

Management Letter Items

There are no findings that are required to be reported at June 30, 2019.

**ST. MARTIN PARISH SHERIFF**

St. Martinville, Louisiana

Statewide Agreed-Upon Procedures Report  
Year Ended June 30, 2019

# Champagne & Company, LLC

Certified Public Accountants

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of St. Martin Parish Sheriff's Office and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of St. Martin Parish Sheriff's Office and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Management of St. Martin Parish Sheriff's Office is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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

*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

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*No exceptions noted.*

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

---

*Board (or Finance Committee) procedures were not tested at June 30, 2019 (Year 3) due to the fact that the sheriff's office is not required to maintain minutes.*

- 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.

- 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.*
- 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.

### ***Bank Reconciliations***

---

*Bank Reconciliations procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in prior year (Year 2).*

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

### ***Collections (excluding EFTs)***

---

- 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).

*Obtained listing of deposit sites and management's representation that listing is complete.*

- 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) 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). Obtain supporting documentation for each of the 10 deposits and:

- 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).

*No exceptions noted.*

- 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)***

---

*Non-Payroll Disbursements procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

- 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).
- 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:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
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) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

---

*Credit Cards/Debit Cards/ Fuel Cards/P-Cards procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in prior year (Year 2).*

- 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.
- 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:
  - 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 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).

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

---

*Travel and Travel-Related Expense Reimbursements procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

- 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:

- 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)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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 (procedures #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

---

*Contracts procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

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 or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - 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.
  - 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).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - 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.

### ***Payroll and Personnel***

---

*Payroll and Personnel procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

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.
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;
  - 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.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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/official's cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.
19. Obtain management's representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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*Ethics procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

20. Using the five 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.
  - 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.

### ***Debt Service***

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*Debt Service procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

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.
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.

### ***Other***

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*Other procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).*

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.

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.

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.

***Champagne & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
December 4, 2019