

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**Financial Statements
For Year Ended June 30, 2018**

DESOTO PARISH SHERIFF
Mansfield, Louisiana
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Independent Auditor's Report

Honorable Jayson Richardson
DeSoto Parish Sheriff
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information Part I

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as required supplementary information part I, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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 management's discussion and analysis 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.

Required Supplementary Information Part II and Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Sheriff's basic financial statements. The required supplementary information—part II, as listed in the table of contents, and the other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The required supplemental information—part II and the other supplementary information, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary—part II and the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the DeSoto 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeSoto Parish Sheriff's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 28, 2018 on the results of those procedures, in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Governmental Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 28, 2018

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

DeSoto Parish Sheriff
Mansfield, Louisiana
FYE June 30, 2018

Management's Discussion and Analysis (Unaudited)

Within this section of the DeSoto Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative overview and analysis of the financial activities of the Sheriff as of and for the fiscal year ended June 30, 2018. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Sheriff's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position increased \$2,118,380 (5.02%) (during the fiscal year reported compared to an increase of \$1,705,098 (3.63%) at June 30, 2017, and \$1,533,426 (3.38%) at June 30, 2016. At June 30, 2018, the assets of the Sheriff exceeded its liabilities by \$44,325,989 compared to the prior year's restated ending net position of \$42,207,609.
- The net pension liability reported as a long-term liability decreased \$2,321,679 to \$5,046,012 in for year end June 30, 2018 in the Statement of Net Position.
- In the year ended June 30, 2018 the Sheriff adopted GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" (See Note 9 in the Notes to the Financial Statements) Implementation of the GASB required a restatement to prior net position due to a change in accounting principles. The restatement reduced net position due to the increase in net pension liability of \$6,439,286. The unfunded liability increased from \$12,453,442 for year ended June 30, 2017 to \$13,166,937 at June 30, 2018.
- Property tax revenue decreased \$78,478 (.91%) to \$8,536,612 during the fiscal year reported and has decreased \$394,089 (4.4%) since year ended June 30, 2016.
- Sales tax revenue increased \$2,127,533 (52.99%) during the fiscal year reported compared to an increase of \$527,236 (15.12%) to \$4,015,272 at June 30, 2017, and a decrease of \$1,206,221 (25.7%) to \$3,488,036 at June 30, 2016.
- The Sheriff's total general and program revenues were \$18,134,333 during the year ended June 30, 2018, compared to \$17,163,758 and \$16,726,084 during years ended June 30, 2017, and June 30, 2016, respectively.
- During the year ended June 30, 2018, the Sheriff's total expenses, excluding depreciation, was \$15,169,973, compared to \$14,681,460 and \$14,428,845 during years ended June 30, 2017 and June 30, 2016, respectively. Depreciation expense was \$812,961 in 2018; \$777,201 in 2017; and \$763,813 in 2016.
- The Sheriff's governmental funds report ending fund balance this year of \$54,488,372. This compares to the prior year ending fund balance of \$52,645,264.

- The Sheriff's capital assets had a net increase of \$1,139,285 for the year ended June 30, 2018, net decrease of \$163,961 for year ended June 30, 2017, and increase of \$138,140 for the year ended June 30, 2016.

The financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Sheriff -- Fund Financial Statements and Government-Wide Financial Statements. The Notes to the Financial Statements explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information (budgetary schedule) and other supplementary information in addition to the basic financial statements. These components are described below:

Governmental Fund Financial Statements

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

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented in the first three columns of the basic financial statements in this report.

The Sheriff maintains five governmental funds: the General Fund and four special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is classified as a major fund. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Government-Wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds. These statements report all revenues and expenses connected with the year--even if cash has not been received or paid--and includes

all assets of the Sheriff as well as liabilities (long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements. The following two statements report the Sheriff's *net position* and changes in them. The Sheriff's net position--the difference between assets and liabilities--can be thought of as one way to measure the Sheriff's financial health, or *financial position*.

- **Statement of Net Position.** This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would also extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.
- **Statement of Activities.** This reports how the Sheriff's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented in the last column of these reports.

Fiduciary Fund Types Financial Statements

The Fiduciary fund financial statements report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statement of net position is presented as a basic financial statement in this report. The fiduciary fund statement of changes in unsettled deposits is presented as other supplemental information.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information concerning the Sheriff's budget presentations and retiree health benefits. Budgetary comparison statements are included for the general fund as "required supplementary information." This statement is a schedule demonstrating compliance with the Sheriff's adopted and final revised budget.

Other Supplemental Information

Following the required supplementary information is supplementary information including a combining balance sheet for other governmental funds, a combining statement of revenues, expenditures and changes in fund balances for other governmental funds, and a statement of changes in unsettled deposits for the fiduciary funds. Then a report for the Sheriff as ex officio tax collector is presented as required by the

Louisiana Legislative Auditor. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The following table provides a summary of the Sheriff's net position:

	SUMMARY OF STATEMENTS OF NET POSITION					
	June 30, 2018		June 30, 2017 restated)		June 30, 2016	
	Governmental Activities	% of Total	Governmental Activities	% of Total	Governmental Activities	% of Total
ASSETS						
Cash and interest-bearing deposits	\$ 49,580,614	78.99%	\$ 47,172,976	79.64%	\$ 45,602,003	79.40%
Investments	4,838,264	7.71%	4,798,068	8.10%	4,762,709	8.29%
Receivables	1,041,897	1.66%	1,095,931	1.85%	759,868	1.32%
Prepaid items	53,603	0.09%	52,129	0.09%	25,865	0.05%
Capital assets, net	7,254,562	11.56%	6,115,277	10.32%	6,279,238	10.93%
TOTAL ASSETS	62,768,940	100.00%	59,234,381	100.00%	57,429,683	100.00%
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	2,327,627	100.00%	4,096,527	100.00%	1,994,927	100.00%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,327,627	100.00%	4,096,527	100.00%	1,994,927	100.00%
LIABILITIES						
Current liabilities:						
Accounts and other accrued payables	698,445	3.64%	231,791	1.14%	782,199	6.94%
Long-term liabilities:						
Compensated absences	265,622	1.39%	287,203	1.41%	255,559	2.27%
Other postemployment benefit obligations	13,166,937	68.66%	12,453,442	61.23%	5,093,697	45.22%
Net pension liabilities	5,046,012	26.31%	7,367,691	36.22%	5,131,677	45.56%
TOTAL LIABILITIES	19,177,016	100.00%	20,340,127	100.00%	11,263,132	54.44%
DEFERRED INFLOWS OF RESOURCES						
OPEB related	641,113	40.23%	-	-	-	-
Pension related	952,450	59.77%	783,172	100.00%	2,470,166	100.00%
TOTAL DEFERRED INFLOWS OF RESOURCES	1,593,563	100.00%	783,172	100.00%	2,470,166	
NET POSITION						
Net investment in capital assets	7,254,562	16.37%	6,115,277	14.49%	6,279,238	13.38%
Restricted for other uses	20,328	0.05%	25,630	0.06%	26,453	0.06%
Unrestricted	37,051,099	83.59%	36,066,702	85.45%	40,636,106	86.57%
TOTAL NET POSITION	\$ 44,325,989	100.00%	\$ 42,207,609	100.00%	\$ 46,941,797	100.00%

As noted earlier, net position may serve over time as a useful indicator of the Sheriff's financial position. The Sheriff's net position total is \$44,325,989 at June 30, 2018.

A portion of the Sheriff's net position \$7,254,562 (16.37%) reflects its investment in capital assets such as safety equipment, vehicles, and computer hardware and software. The Sheriff uses these capital assets to provide services to the citizens of the parish; consequently, these assets are not available for future spending. There is no outstanding debt related to these assets. At June 30, 2018, \$37,051,099 is unrestricted and may be used to meet the Sheriff's ongoing obligations to citizens and creditors at the discretion of the Sheriff. The unrestricted net position consists primarily of cash, demand and time deposits, and investments in the Louisiana Asset Management Plan (LAMP).

Changes In Net Position

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net position:

	SUMMARY OF STATEMENTS OF ACTIVITIES					
	June 30, 2018		June 30, 2017		June 30, 2016	
	Governmental Activities	% of Total	Governmental Activities	% of Total	Governmental Activities	% of Total
REVENUES:						
Program:						
Charges for services/fines	\$ 1,486,773	8.21%	\$ 2,558,293	14.91%	\$ 2,254,990	13.48%
Operating and capital grants	1,065,302	5.89%	1,067,244	6.22%	1,254,694	7.50%
General:						
Property taxes	8,536,612	47.16%	8,615,090	50.19%	8,930,701	53.39%
Sales tax	6,142,805	33.94%	4,015,272	23.39%	3,488,036	20.85%
Video poker	152,049	0.84%	121,785	0.71%	139,337	0.83%
Unrestricted state grants	50,939	0.28%	51,164	0.30%	49,614	0.30%
Interest	201,506	1.11%	142,816	0.83%	145,699	0.87%
Loss of sale of assets	(46,174)	-0.26%	-		-	
Miscellaneous	511,502	2.83%	592,094	3.45%	463,013	2.77%
TOTAL REVENUES	18,101,314	100%	17,163,758	100%	16,726,084	100%
PROGRAM EXPENSES:						
Public safety	(15,982,934)		(15,458,660)		(15,192,658)	
TOTAL EXPENSES	(15,982,934)		(15,458,660)		(15,192,658)	
CHANGE IN NET POSITION	2,118,380		1,705,098		1,533,426	
BEGINNING NET POSITION	42,207,609		46,941,797		45,408,371	
NET POSITION ADJUSTMENT	-		(6,439,286)		-	
ENDING NET POSITION	\$ 44,325,989		\$ 42,207,609		\$ 46,941,797	

Revenues

The Sheriff is heavily reliant on sales and property taxes to support operations. Sales tax revenue dedicated to personnel salaries provided \$6,142,805 (33.87%) of revenue during the current fiscal year. This was an increase of \$2,127,533 (52.99%) over the year ended June 30, 2017, and a increase of \$2,654,769 (76.11%) over the year ended June 30, 2016. Property taxes provided 47.07% of the Sheriff's total revenues. \$15,582,258 (85.93%) of total revenue was derived from general revenues including property and sales tax, video poker, state revenue sharing, interest and miscellaneous. This compares to general revenues of \$13,538,221 (79.87%) in June 30, 2017, and \$13,216,400 (79.02%) in June 30, 2016.

Note that program revenues covered 15.97% of the government's operating expenses for year end June 30, 2018, compared to 23% and 23% for the years ended June 30, 2017 and June 30, 2016, respectively. This means that the government's taxpayers and the Sheriff's other general revenues funded 84% of its operations during the year ended June 30, 2018; 77% for year ended June 30, 2017 and; 77% for year ended June 30, 2016.

Interest earnings of \$201,506 were generated to support governmental activities for year end June 30, 2018, up \$58,690 (41%) over last year.

Functional Expenses

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$812,961 or 5% of total expenses.

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

General Fund--Major Governmental Fund

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2018 fund balance increased by \$2,273,025. Overall, revenues from all sources increased \$1,445,482 for the year. Expenditures reflect an increase of \$1,523,966 over last year, or about 11%.

Non-major Governmental Funds

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, and Criminal Interdiction. The Tri-Parish Task Force is set up for narcotics investigations, and is funded by grants from the three parishes involved. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue and expenses for this fund have remained fairly constant. The Criminal Interdiction Fund is comprised of monies released that were held from drug seizures. The General Fund transferred monies to the task force to continue their operations.

The non-major Special Revenue Funds' revenues (detailed in Schedule 6 as supplemental information) decreased by \$169,988 over 2017 and expenditures decreased by \$4,617. The net effect was a fund balance decrease of \$106,061 for 2018 versus the 2017 net increase of \$69,310.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Sheriff complies with state law, as amended, and as set forth in the Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA--R.S. 39:1301 seq.). The Sheriff did not amend the original budget during the year.

Actual revenues and other financing sources available for expenditure were \$3,935,997 (28%) more than originally budgeted. Actual expenditures and other financing uses were \$3,147,918 (17%) less than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, as of June 30, 2018, was \$12,172,902, net of accumulated depreciation of \$4,918,340, leaving a book value of \$7,254,562. This investment in capital assets consists of safety equipment, vehicles, office furniture and equipment, farm, training and communications equipment, buildings and improvements, and computer hardware and software. The total increase in the Sheriff's investment in capital assets for the current year was \$1,139,285 (18.63%).

Additions to capital assets during year end June 30, 2018, included 15 vehicles, 2 motorcycles and helicopter improvements for \$733,469, communication equipment for \$698,816, and land in Stonewall, Logansport, and Mansfield for \$411,146. Depreciation charges for the year totaled \$812,961 compared to \$777,201 and \$763,813 for 2017 and 2016, respectively.

At June 30, 2018, the depreciable capital assets for governmental activities were 42.2% depreciated versus 42.18% and 38.73% in the prior two years. This comparison indicates that the Sheriff is replacing his assets at a steady rate. This percentage is a positive indicator.

Debt

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences and for accrued health care and life insurance benefits and pension benefits for retirees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective and economic uses of the Sheriff's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Sheriff sets the direction of the department, allocates its resources, and establishes its priorities. The following economic factors were considered when the budget for the fiscal year end June 30, 2019, was prepared.

- Sales tax and property revenues are conservatively expected to remain constant over the prior year.
- The Sheriff plans to continue to update the vehicles in the department as well as update equipment.
- The Sheriff is building an office/substation in Stonewall, and a communications tower in Pelican
- Other revenues and expenditures are expected to be consistent with the prior year.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Jayson Richardson, Sheriff, 205 Franklin, Mansfield, LA 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH SHERIFF

Mansfield, Louisiana

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2018

	Governmental Funds Financial Statements			Adjustments	Government-wide
	Balance Sheet				Statements
	General Fund	Nonmajor Funds	Total		Statement of Net Position
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 49,267,579	\$ 313,035	\$ 49,580,614	\$ -	\$ 49,580,614
Investments	4,838,264	-	4,838,264	-	4,838,264
Accounts receivables	1,031,077	10,821	1,041,898	-	1,041,898
Prepaid expenses	53,603	-	53,603	-	53,603
Noncurrent assets:					
Capital assets, net of accumulated depreciation	-	-	-	7,254,562	7,254,562
TOTAL ASSETS	\$ 55,190,523	\$ 323,856	\$ 55,514,379	7,254,562	\$ 62,768,941
DEFERRED OUTFLOWS OF RESOURCES					
Pension related				2,327,627	2,327,627
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 516,159	\$ -	\$ 516,159	\$ -	\$ 516,159
Payroll related liabilities	182,286	-	182,286	-	182,286
Noncurrent liabilities:					
Unavailable ad valorem taxes	3,706	-	3,706	(3,706)	-
Compensated absences	-	-	-	265,622	265,622
Other postemployment benefit obligations	-	-	-	13,166,937	13,166,937
Net pension liability	-	-	-	5,046,012	5,046,012
TOTAL LIABILITIES	702,151	-	702,151	18,474,865	\$ 19,177,016
DEFERRED INFLOWS OF RESOURCES					
OPEB related				641,113	641,113
Pension related				952,450	952,450
TOTAL DEFERRED INFLOWS OF RESOURCES				1,593,563	\$ 1,593,563
FUND BALANCE/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepaid expenses	53,603	-	53,603	(53,603)	-
Restricted:					
DARE program	-	20,328	20,328	(20,328)	-
Assigned:					
Drug task force	-	233,983	233,983	(233,983)	-
Criminal Interdiction	-	69,545	69,545	(69,545)	-
Unassigned	54,434,769	-	54,434,769	(54,434,769)	-
TOTAL FUND BALANCES	54,488,372	323,856	54,812,228	(54,812,228)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 55,190,523	\$ 323,856	\$ 55,514,379	-	-
Net Position:					
Net investment in capital assets				7,254,562	7,254,562
Restricted				20,328	20,328
Unrestricted				37,051,099	37,051,099
TOTAL NET POSITION				\$ -	\$ 44,325,989

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2018

Total Fund Balance, Governmental Funds	\$	54,812,228
<p>Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds.</p>		
Deferred outflows-pension related		2,327,627
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
Cost of capital assets	\$ 12,172,902	
Less accumulated depreciation	<u>(4,918,340)</u>	7,254,562
<p>Certain unearned revenues are reported in the governmental fund but not in the Statement of Net Assets.</p>		
		3,706
<p>Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position.</p>		
Compensated absences		(265,622)
Other post employment benefit obligation		(13,166,937)
Net pension liability		(5,046,012)
Deferred inflows-pension related		(952,450)
Deferred inflows-OPEB related		(641,113)
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>44,325,989</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES /
STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	Governmental Funds Financial Statements				Government-wide
	Statement of Revenue, Expenditures and Changes in Fund Balance				Statements
	General Fund	Nonmajor Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES					
Public Safety:					
Personal services & related benefits	\$ 11,262,879	\$ 11,335	\$ 11,274,214	\$ 1,412,089	\$ 12,686,303
Operating expenses	1,032,332	118,131	1,150,463	-	1,150,463
Material & supplies	1,230,875	13,824	1,244,699	-	1,244,699
Travel & other charges	85,546	2,962	88,508	-	88,508
Capital outlays	1,989,950	10,470	2,000,420	(2,000,420)	-
Depreciation	-	-	-	812,961	812,961
TOTAL EXPENDITURES/EXPENSES	15,601,582	156,722	15,758,304	224,630	15,982,934
PROGRAM REVENUES					
Prisoner reimbursement fees	382,861	-	382,861	-	382,861
Contractual fees	415,320	-	415,320	-	415,320
Fines, forfeitures, and other commissions	652,518	36,074	688,592	-	688,592
Operating grants and contributions	1,050,729	14,573	1,065,302	-	1,065,302
TOTAL PROGRAM REVENUES	2,501,428	50,647	2,552,075	-	2,552,075
NET PROGRAM EXPENSE	(13,100,154)	(106,075)	(13,206,229)	(224,630)	(13,430,859)
GENERAL REVENUES					
Property taxes	8,774,955	-	8,774,955	(238,343)	8,536,612
Sales taxes	6,142,805	-	6,142,805	-	6,142,805
State revenue sharing	50,939	-	50,939	-	50,939
Video poker	152,049	-	152,049	-	152,049
Miscellaneous income	35,784	-	35,784	462,563	498,347
Investment earnings	201,492	14	201,506	-	201,506
TOTAL GENERAL REVENUES	15,358,024	14	15,358,038	224,220	15,582,258
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES/ CHANGES IN NET POSITION	2,257,870	(106,061)	2,151,809	(410)	2,151,399
Other financing sources(uses):					
Sale of assets/ Gain (loss) on sale of assets	2,000	-	2,000	(48,174)	(46,174)
Reimbursement for damaged assets	13,155	-	13,155	-	13,155
TOTAL OTHER FINANCING SOURCES(USES)	15,155	-	15,155	(48,174)	(33,019)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET POSITION	2,273,025	(106,061)	2,166,964	\$(48,584)	2,118,380
FUND BALANCE / NET POSITION					
Beginning of the year (net position restated)	52,215,347	429,917	52,645,264		42,207,609
End of the year	\$ 54,488,372	\$ 323,856	\$ 54,812,228		\$ 44,325,989

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2018

Fund Financial statements excess of revenues over expenditures \$ 2,166,964

Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Position and are allocated over their useful lives in the Statement of Activities.

Capital outlays	\$ 2,000,420	
Depreciation expense	<u>(812,961)</u>	1,187,459

In the Statement of Activities, the loss of the disposal of fixed assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources.

Proceeds from disposal of fixed assets	\$ (2,000)	
Gain (loss) of disposal of fixed assets	<u>(46,174)</u>	(48,174)

In the Statement of Activities, certain operating expenses, are measured by the the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.

Pension (expense) benefit	\$ (79,062)	
Non-employer contributions to cost-sharing pension plan	462,563	
Accrued compensated absences	21,581	
Accrued other post employment benefit obligations	<u>(1,354,608)</u>	(949,526)

Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities.

Increase (decrease) in deferred revenues-ad valorem taxes		(238,343)
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Government-wide change in net position		<u><u>\$ 2,118,380</u></u>
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The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Fund Type--Agency Funds
June 30, 2018

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
ASSETS						
Cash	\$ 22,935	\$ 94,058	\$ 130,036	\$ 9,303	\$ 9,209	\$ 265,541
TOTAL ASSETS	\$ 22,935	\$ 94,058	\$ 130,036	\$ 9,303	\$ 9,209	\$ 265,541
LIABILITIES						
Unsettled deposits:						
Held for others pending court action	\$ 22,935	\$ 94,058	\$ 130,036	\$ 9,303	\$ -	\$ 256,332
Held for inmates	-	-	-	-	9,209	9,209
TOTAL LIABILITIES	\$ 22,935	\$ 94,058	\$ 130,036	\$ 9,303	\$ 9,209	\$ 265,541

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

INTRODUCTION

As provided by Article V. Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term, as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court and serving subpoenas. As the ex-officio tax collector of the parish, the Sheriff is responsible for the collection and distribution of ad valorem property taxes, state revenue sharing funds, and fines, court costs, and bond forfeitures imposed by the district court.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The Basic Financial Statements consist of Government-wide Financial Statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide more detailed level of financial information.

The significant accounting and reporting policies and practices used by the DeSoto Parish Sheriff are described below.

B. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Considering the foregoing criteria, the DeSoto Sheriff is deemed to be a separate reporting entity. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Sheriff. There are no component units to be included in the Sheriff's reporting entity.

For financial reporting purposes, the Sheriff's basic financial statements include all funds and activities that are controlled by the Sheriff 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. Although the DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and pays the costs associated with the jail as required by Louisiana law, the Sheriff is financially dependent. Accordingly, the Sheriff is a primary government for reporting purposes.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

D. Basis of Accounting/Measurement Focus

Governmental Fund Financial Statements

The columns labeled Governmental Funds Financial Statements for the General Fund and Nonmajor Funds in Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. Nonmajor funds are aggregated and presented in a single column.

The Sheriff reports the following governmental funds:

General Fund. The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for Fund Financial Statements below, these funds are presented as nonmajor funds in the governmental fund financial statements.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting/Measurement Focus (continued)

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period in which the exchange transactions on which the tax is imposed occur. Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting/Measurement Focus (continued)

Program revenues include fees and charges paid by the recipients of services offered by the Sheriff, and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting. Data from the fiduciary funds is not incorporated in the government-wide financial statements.

E. Cash, Interest-Bearing and Investments

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, money market accounts, time deposits (certificates of deposit), and short-term, highly liquid investment with original maturities of ninety (90) days or less when purchased. Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

F. Accounts Receivable

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include ad valorem taxes, sales tax, fees for services, and other intergovernmental revenues. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

G. Capital Assets

Capital assets which include property, plant, and equipment are reported in the government-wide financial statements. All capital assets, other than land are depreciated using the straight-line method over their estimated useful lives, ranging from three to forty years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities. Capital assets are recorded in the statement of net position.

All purchased and constructed capital assets are valued at historical cost or estimated cost if historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. Salvage value is taken into consideration for depreciation purposes for vehicles.

Assets reported in the fund financial statements for governmental funds exclude capital assets. The governmental funds financial statements report the acquisition of capital assets as expenditures.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Prepaid expenses

Payments made to vendors for services or supplies that will benefit periods beyond June 30, 2018, are recorded as prepaid expenses.

I. Compensated Absences

The Sheriff has the following policy relating to vacation and sick leave:

After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff. The Sheriff's recognition and measurement criterion for compensated absences is as follows: The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.

J. Unavailable Ad Valorem Taxes

Under the modified accrual basis of accounting, the DeSoto Parish Sheriff's governmental funds will not recognize revenue until they are available (collected not later than 60 days after the Sheriff's yearend). Accordingly, ad valorem taxes assessed yet paid under protest are reported as unavailable revenues in the governmental funds balance sheet only.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Sheriff recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections.

L. Pension Plan

The DeSoto Parish Sheriff is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to / deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. The financial statements were prepared using the accrual basis of accounting, member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance statutes governing the plan. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments have been reported at fair value within the plan.

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Change in Accounting Principle

During the fiscal year ending June 30, 2018, the Sheriff adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This resulted in a restatement of previously reported net position as follows:

	Government-wide
	Governmental
	Activities
Total Net Position, June 30, 2017, as previously reported	\$ 48,646,895
Change in accounting principle:	
Net effect of implementing GASB Statement No. 75	(6,439,286)
Total Net Position, June 30, 2017, Restated	\$ 42,207,609

N. Other Postemployment Benefits

The DeSoto Parish Sheriff follows GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which requires the accrual of other postemployment benefits for retired employees. The sheriff has recorded a liability for other postemployment benefits (see Note 9). In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

O. Sales Taxes

DeSoto Parish passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2018, was \$6,142,805.

P. Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure by the provider. If repayment is expected, these receivables and payables are classified as "Advance to (from) other funds." In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

Q. Use of Estimates

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

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Equity

Net Position

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position--Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position--Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The DeSoto Parish Sheriff's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

As required by GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," this Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable*--Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- *Restricted*--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- *Committed*--Amounts constrained by the Sheriff himself. To be reported as committed, amounts cannot be used for any other purpose unless the Sheriff takes the action to remove or change the constraint.
- *Assigned*--Amounts the Sheriff intends to use for a specific purpose.
- *Unassigned*--All amounts not included in other spendable.

At June 30, 2018, \$53,603 was non-spendable prepaid expenses; \$20,328 was restricted by the grantor; \$303,528 was assigned; and \$54,434,769 was unassigned.

The Sheriff would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

S. Risk Management

The Sheriff is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. The Sheriff also maintains a Louisiana Sheriffs' Risk Management Program liability insurance policy. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfiled claims.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

2. LEVIED TAXES

The Sheriff was authorized 14.91 ad valorem tax millage and levied mills of 12.47 mills for 2017. Ad valorem taxes are recorded in the year the taxes are assessed. Total assessed value in the parish was \$719,797,208 in 2017. The following are the principal taxpayers for the parish and the Sheriff's 2017 assessed valuations:

Taxpayer	Type of Business	2017 Assessed Valuation	2017 Assessed Tax	Percentage of Total Assessed Valuation
International Paper Co.	Manufacturing	56,210,543	700,945	7.81%
Exco Operating Co	Oil & Gas	55,330,279	689,969	7.69%
Chesapeake Operating	Oil & Gas	\$ 46,153,310	\$ 575,532	6.41%
Southwestern Electric	Utility	28,890,964	360,270	4.01%
Louisiana Midstream Gas	Oil & Gas	28,565,208	356,208	3.97%
Acadian Gas Pipeline System	Oil & Gas	25,764,030	321,277	3.58%
Indigo Minerals LLC	Oil & Gas	25,101,290	313,013	3.49%
Enterprise Gathering LLC	Oil & Gas	24,978,080	311,477	3.47%
Covey Park Operating LLC	Oil & Gas	24,381,077	304,032	3.39%
Cleco Power	Utility	24,161,160	301,290	3.36%
Total		<u>\$ 339,535,941</u>	<u>\$ 4,234,013</u>	<u>47.18%</u>

3. CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2018, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$49,846,155 as follows:

	Government Funds	Fidiciary Funds	Total
Demand deposits	\$ 516,823	\$ 231,291	\$ 748,114
Interest-bearing demand deposits	49,063,691	32,237	49,095,928
Petty Cash	100	2,013	2,113
Categorized bank deposits	<u>\$ 49,580,614</u>	<u>\$ 265,541</u>	<u>\$ 49,846,155</u>

Investments:

At June 30, 2018, the Sheriff has investments (book balances) totaling \$4,838,263 as follows:

Louisiana Asset Management Pool	\$ 651,623
Time deposits	4,186,641
Total investments	<u>\$ 4,838,264</u>

Investment valuation. The certificate of deposit is stated at cost, which approximates market value. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

The cash and investments of the DeSoto Parish Sheriff are subject to the following risks.

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

3. CASH, INTEREST-BEARING DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At year end, the Sheriff had collected bank balances of \$55,207,069 which were fully protected by \$859,761 of federal depository insurance and pledged securities with a market value of \$64,051,446 held by the custodial banks in the name of the DeSoto Parish Sheriff.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

However, as a means of offsetting exposure to interest rate risk, the Sheriff diversifies its investments by security type and institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The DeSoto Parish Sheriff's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the DeSoto Sheriff may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments held at June 30, 2018, include \$651,623 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP, Inc. is not registered with the SEC as an investment company.

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

4. RECEIVABLES

The following is a summary of receivables at June 30, 2018:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Intergovernmental revenues:			
Federal overtime	\$ 13,655	-	13,655
District Attorney LACE overtime	107,140	-	107,140
Parish revenue	45,524	-	45,524
State grants	-	10,821	10,821
Probation & Juvenile officers	50,924	-	50,924
Juvenile detail	2,000	-	2,000
State supplemental pay	93,779	-	93,779
Sales tax	606,254	-	606,254
Ad valorem tax	31,963	-	31,963
Fees, charges, and commissions for services:			
Town of Logansport	15,000	-	15,000
City of Mansfield	70	-	70
Witness fees	2,450	-	2,450
Background check fees	23,578	-	23,578
Cost on taxes	2,296	-	2,296
Court attendance	1,190	-	1,190
Feeding and keeping parish prisoners	12,583	-	12,583
Feeding and keeping state prisoners	21,445	-	21,445
Prisoner transportation	1,226	-	1,226
Totals	<u>\$ 1,031,077</u>	<u>\$ 10,821</u>	<u>\$ 1,041,898</u>

5. CAPITAL ASSETS

A summary of changes in office furnishings, equipment and vehicles follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Reclassification/ Deletions</u>	<u>Balance</u> <u>6/30/2018</u>
Capital assets not begin depreciated:				
Land	\$ 90,800	\$ 411,145	\$ -	\$ 501,945
Construction in Progress	-	11,485	-	11,485
Total assets not being depreciated	<u>90,800</u>	<u>422,630</u>	<u>-</u>	<u>513,430</u>
Depreciable assets:				
Office equipment & furniture	208,548	7,945	(33,530)	182,963
Safety equipment	807,788	5,520	-	813,308
Communications equipment	572,374	698,816	-	1,271,190
Farm equipment	173,180	15,843	-	189,023
Training equipment/apparatus	75,448	44,100	-	119,548
Computers & Software	420,193	72,097	(44,727)	447,563
Vehicles	3,743,055	733,469	(325,045)	4,151,479
Buildings & improvements	4,484,398	-	-	4,484,398
Total depreciable assets	<u>10,484,984</u>	<u>1,577,790</u>	<u>(403,302)</u>	<u>11,659,472</u>
Total Assets	<u>10,575,784</u>	<u>2,000,420</u>	<u>(403,302)</u>	<u>12,172,902</u>
Less accumulated depreciation	<u>4,460,507</u>	<u>812,961</u>	<u>(355,128)</u>	<u>4,918,340</u>
Capital assets, net	<u>\$ 6,115,277</u>	<u>\$ 1,187,459</u>	<u>\$ (758,430)</u>	<u>\$ 7,254,562</u>

Depreciation expense in the amount of \$812,961 was charged to public safety.

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

6. COMPENSATED ABSENCES

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with accounting principles generally accepted in the United States of America. The liability for compensated absences is computed only at the end of the fiscal year. As of June 30, 2018, the Sheriff's compensated absences payable in accordance with GASB Statement No. 16 amounted to 11,484 hours with a resulting liability as following:

Compensated absences at July 1, 2017	\$	287,203
Additions		(265,622)
Deductions		(287,203)
Compensated absences at June 30, 2018	\$	<u><u>(265,622)</u></u>

7. DEFERRED COMPENSATION

Certain employees of DeSoto Parish Sheriff participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, Louisiana 70804-9397.

8. PENSION PLAN

Plan Description. Substantially all employees of the DeSoto Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (Fund), a cost-sharing, multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the state, employees of the Louisiana Sheriffs' Association and the Sheriff's Pension and Relief Fund's office. The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of the Fund and is governed by a separate board of trustees.

Funding Policy. Contribution requirements for all employers are actuarially determined each year in accordance with state statute. For the year ended June 30, 2018, the actual employer contribution rate was 12.75% with no additional percentage allocated from the Funding Deposit Account. Employee contributions are based on the employee's annual covered salary and are established by the board of trustees. For the year ended June 30, 2017, the employee contribution rate was 10.25%.

The DeSoto Parish Sheriff's contributions to the System which also include the employee's portion are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employee portion	\$ 835,244	\$ 769,226	\$ 823,816
Employer contributions	1,042,770	1,069,454	1,098,571
Total pension contributions	<u><u>\$ 1,878,014</u></u>	<u><u>\$ 1,838,680</u></u>	<u><u>\$ 1,922,387</u></u>

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions of \$462,563 were recorded for the year ended June 30, 2018 in the government-wide statements.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

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

For members whose first employment making them eligible for membership in the fund 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 joining 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 members whose first employment making them eligible for membership in the fund 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. Members are eligible to receive disability benefits if they have at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the 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 retirement age. Members who become partially disable receive 75% of the amount payable for total disability.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

8. PENSION PLAN (continued)

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 members 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 received an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full-time student in good standing enrolled at a board approved or accredited school, college, or university.

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

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

Cost of Living 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.

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

At June 30, 2018, the Sheriff reported a liability of \$5,046,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Sheriff's proportion was 1.165287%, which was an increase of 0.004453% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$79,062.

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

8. PENSION PLAN (continued)

At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 878,394
Changes of assumptions	887,872	-
Net difference between projected and actual earnings on pension plan investments		72,426
Changes in proportion and differences between employer contributions and proportionate share of contributions	396,986	1,630
Employer contributions subsequent to the measurement date	1,042,770	-
Total	\$ 2,327,628	\$ 952,450

Sheriff contributions subsequent to the measurement date in the amount of \$1,042,770 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

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

Year		
2019	\$	992,199
2020		488,971
2021		192,699
2022		(369,739)
2023		47,270
2024		23,778
Total	\$	1,375,178

Actuarial Methods Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Expected Remaining Service Lives	2017 and 2016 -7 years; 6 years for 2014 and 2015
Investment Rate of Return	7.50%, net of investment expense
Discount Rate	7.40%
Projected salary increases	5.5% (2.775% inflation, 2.725% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the 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.

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

8. PENSION PLAN (continued)

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

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

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2017 are as follows:

Asset Class	Target Allocation	Expected Rate of Return	
		Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	60%	7.4%	4.40%
Bonds	25%	2.6%	0.70%
Alternative Investments	15%	4.2%	0.60%
Total	100%		5.70%
Inflation			2.60%
Expected Arithmetic Nominal Return			8.30%

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

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

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

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Net pension liability	10,396,114	5,046,012	544,629

DESOTO PARISH SHERIFF
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

8. PENSION PLAN (continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience. The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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.

Differences between Projected and Actual Investment Earnings. The 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.

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

Changes in Proportion. Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions—Proportionate Share. Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense (benefit) 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.

Retirement Fund Audit Report

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

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The DeSoto Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The DeSoto 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 Governmental Accounting Standards Board (GASB) Codification Section P52 Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Benefits Provided – Medical/dental and life insurance benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: age 55 and 15 years of service.

Life insurance coverage is continued to retirees by election. The employer pays for life insurance of \$10,000 after retirement for retirees and the retirees may elect to continue insurance amounts above \$10,000 after retirement. However, the rates for both are based on the blended active/retired rate and there is thus an implied subsidy. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

Employees covered by benefit terms—At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	130
Annual required contribution (ARC)	<u>157</u>

Total OPEB Liability

The Sheriff's total OPEB liability of \$13,166,937 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 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	2.50%
Salary increases	3.0% including inflation
Discount rate	3.62%, net of OPEB plan investment ex
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 as of June 30, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ <u>12,453,442</u>
Changes for the year	
Service cost	1,096,287
Interest	490,500
Differences between expected and actual experience	(673,168)
Benefit payments and net transfers	<u>(200,124)</u>
Net changes	<u>713,495</u>
Balance at June 30, 2018	<u>\$ 13,166,937</u>

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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

Changes in Discount Rate			
	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Total OPEB liability	\$ 15,896,919	\$ 13,166,937	\$ 11,005,201

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%) of 1-percentage-point higher (6.5%) than the current healthcare trend rates:

Changes in healthcare cost trend rates			
	1% Decrease 4.50%	Current Trend 5.50%	1% Increase 6.50%
Total OPEB liability	\$ 11,016,164	\$ 13,166,937	\$ 16,058,575

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$1,554,732. At June 30, 2018, 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 experience	\$ -	\$ (641,113)
Total	<u>\$ -</u>	<u>\$ (641,113)</u>

**DESOTO PARISH SHERIFF
Mansfield, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

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

<u>Year ending June 30</u>	
2019	(32,056)
2020	(32,056)
2021	(32,056)
2022	(32,056)
2023	(32,056)
Thereafter	(448,779)

10. RESTRICTED NET POSITION / FUND BALANCE

The following schedule summarizes restricted net position and the reserves at June 30, 2018:

	<u>Restricted Fund Balance</u>		<u>Restricted Net Position</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
DARE	\$ -	\$ 20,328	\$ 20,328
Total	\$ -	\$ 20,328	\$ 20,328

11. LEASE AGREEMENTS

The Sheriff has the following lease agreements in effect during the year ended June 30, 2018:

The Sheriff leases a postal meter system with Pitney Bowes. This lease is for 60 months with quarterly payments of \$957. Lease expense paid was \$3,828 for the year ended June 30, 2018.

Various printers and accessories are leased from Xerox. This lease is for 60 months with payments of \$641 per month. Lease payments also include supplies used each month and the total lease expense for the current year was \$9,499.

The Sheriff also leases dishwashing equipment from Auto-Chlor. The lease is for 12 months and is automatically renewed each year. Lease expense for the year was \$3,696.

The Sheriff also leases space on communication towers for \$608 a month.

Lease expense for the year ended June 30, 2018 is \$23,934. Minimum lease payments on long-term leases by year are as follows:

For year ended June 30,	
2019	11,690
2020	11,201
2021	1,923

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

12. CHANGES IN AGENCY UNSETTLED DEPOSITS

A summary of changes in agency unsettled deposits due to taxing bodies and others follows:

FUND	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Tax collector	\$ 3,058,068	\$ 77,210,891	\$ 80,246,024	\$ 22,935
Civil	10,530	856,018	772,490	94,058
Criminal	188,182	1,520,528	1,578,674	130,036
Drug Seizures Escrow	12,301	12	3,010	9,303
Inmate Commissary	5,658	179,409	175,858	9,209
Totals	<u>\$ 3,274,739</u>	<u>\$ 79,766,858</u>	<u>\$ 82,776,056</u>	<u>\$ 265,541</u>

13. COMMITMENTS AND CONTINGENCIES

Lawsuits. At June 30, 2018, the Sheriff was a defendant in lawsuits principally arising from the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

Grants. The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

14. TAXES PAID UNDER PROTEST

The liability held for others pending court action, in the Tax Collector agency fund at June 30, 2018, reflects taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

15. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2018.

16. ON-BEHALF PAYMENTS FOR SALARIES

The Sheriff recognizes as general fund revenues and expenses, supplemental pay paid by the State of Louisiana to the Sheriff's employees. For year ended June 30, 2018, the state contributed \$567,960.

17. SUBSEQUENT EVENTS

Management has performed an evaluation of the Sheriff's activities through December 28, 2018, and has concluded that there is one significant event requiring recognition or disclosure through the date and time these financial statements were available to be issued. Due to a DeSoto Parish Police Jury resolution, the Louisiana Legislative Auditor is conducting an investigation of the Local Agency Compensated Enforcement (LACE) Program in DeSoto Parish. The DeSoto Parish Sheriff's department participated in this program by providing officers who wrote traffic tickets. The Sheriff's office was then reimbursed for the officers' time. The results of this investigation are not available as of the date of this audit and the effect on the financial statements is not known.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

DESOTO PARISH SHERIFF
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND

For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive(Negative)</u>
EXPENDITURES/EXPENSES				
Public Safety:				
Personal services & related benefits	\$ 12,348,000	\$ 12,348,000	\$ 11,262,879	\$ 1,085,121
Operating expenses	2,200,900	2,200,900	1,032,332	1,168,568
Material & supplies	2,918,100	2,918,100	1,230,875	1,687,225
Travel & other charges	102,500	102,500	85,546	16,954
Capital outlays	1,180,000	1,180,000	1,989,950	(809,950)
TOTAL EXPENDITURES/EXPENSES	<u>18,749,500</u>	<u>18,749,500</u>	<u>15,601,582</u>	<u>3,147,918</u>
PROGRAM REVENUES				
Prisoner reimbursement fees	381,000	381,000	382,861	1,861
Contractual fees	960,000	960	415,320	414,360
Fines, forfeitures, and other commissions	679,650	679,650	652,518	(27,132)
Operating grants and contributions	1,100,000	1,100,000	1,050,729	(49,271)
TOTAL PROGRAM REVENUES	<u>3,120,650</u>	<u>2,161,610</u>	<u>2,501,428</u>	<u>339,818</u>
NET PROGRAM EXPENSE	(15,628,850)	(16,587,890)	(13,100,154)	3,487,736
GENERAL REVENUES				
Property taxes	8,403,000	8,403,000	8,774,955	371,955
Sales taxes	3,000,000	3,000,000	6,142,805	3,142,805
State revenue sharing	55,000	55,000	50,939	(4,061)
Video poker	120,000	120,000	152,049	32,049
Miscellaneous income	63,000	63,000	35,784	(27,216)
Investment earnings	120,000	120,000	201,492	81,492
TOTAL GENERAL REVENUES	<u>11,761,000</u>	<u>11,761,000</u>	<u>15,358,024</u>	<u>3,597,024</u>
EXCESS(Deficiency) of REVENUES OVER EXPENDITURES	(3,867,850)	(4,826,890)	2,257,870	7,084,760
Other financing sources(uses):				
Operating transfers in (out)	-	-	-	-
Sale of assets/ Gain (loss) on sale of assets	15,000	15,000	2,000	(13,000)
Compensation for damaged assets	1,000	1,000	13,155	12,155
TOTAL Other financing sources(uses)	<u>16,000</u>	<u>16,000</u>	<u>15,155</u>	<u>(845)</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)	(3,851,850)	(4,810,890)	2,273,025	7,083,915
FUND BALANCE				
Beginning of the year	52,215,347	52,215,347	52,215,347	-
End of the year	<u>\$ 48,363,497</u>	<u>\$ 47,404,457</u>	<u>\$ 54,488,372</u>	<u>\$ 7,083,915</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the year ended June 30, 2018

Total OPEB Liability	
Service cost	\$ 1,096,287
Interest	490,500
Changes of benefit terms	-
Differences between expected and actual experience	(673,168)
Changes of assumptions	-
Benefit payments	<u>(200,124)</u>
Net change in total OPEB liability	<u>713,495</u>
Total OPEB liability-beginning	<u>12,453,442</u>
Total OPEB liability-ending	<u><u>13,166,937</u></u>
Covered-employee payroll	\$ 6,430,024
Net OPEB liability as a percentage of covered-employee payroll	204.77%

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

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2018

Louisiana: Sheriffs' Pension and Relief Fund

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency'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
2018	1.165287%	\$ 5,046,012	\$ 8,068,182	63%	88.5%
2017	1.160830%	\$ 7,367,691	\$ 7,709,269	96%	82.1%
2016	1.151241%	\$ 5,131,677	\$ 7,632,667	67%	86.6%
2015	1.019759%	\$ 4,038,251	\$ 6,660,863	61%	87.3%

*Amounts presented were determined as of the measurement date (previous fiscal year end)

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

The notes to the financial statements are an integral part of this statement
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF

Mansfield, Louisiana

SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended June 30, 2018

Louisiana: Sheriffs' Pension and Relief Fund

Fiscal Year*	(a)	(b)	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution			
2018	\$ 1,042,770	\$ 1,042,770		\$ 8,172,700	12.76%
2017	\$ 1,069,454	\$ 1,069,454	\$ -	\$ 8,068,182	13.26%
2016	\$ 1,098,571	\$ 1,098,571	\$ -	\$ 7,709,269	14.25%
2015	\$ 1,087,655	\$ 1,087,655	\$ -	\$ 7,632,667	14.25%

*Amounts presented were determined as of the end of the fiscal year.

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

The notes to the financial statements are an integral part of this statement
See the accompanying independent auditor's report.

DESOTO PARISH SHERIFF
Mansfield, Louisiana

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

As of and for the Year Ended June 30, 2018

Budgetary Information

The Sheriff's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Sheriff exercises budgetary control at the functional level. Within functional levels, the accountant has the authority to make amendments as necessary.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget was not amended during the year. The budget comparison schedules present the original adopted budget and the final budget.

The Sheriff's budget process is as follows:

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Sheriff must approve all changes or amendments to the budget.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Sheriff. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments.

Schedule of Changes in Net OPEB Liability and Related Ratios

There were no changes of benefit terms for the year ended June 30, 2018. There were no changes of assumptions for the year ended June 30, 2018.

Pension Information

The schedule of the DeSoto Parish Sheriff's proportionate share of the net pension liability and the schedule of the DeSoto Parish Sheriff's pension contributions are intended to show information for ten years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

**DeSoto Parish Sheriff
Mansfield, Louisiana**

OTHER NONMAJOR SPECIAL REVENUE FUNDS

Year ended June 30, 2018

Drug Task Force Budget Fund

The Drug Task Force Budget Fund records grant revenue from Red River, Sabine, and DeSoto Parish as well as local seizure income. The purpose of the fund is to increase the apprehension, prosecution, adjudication, detention, rehabilitation, and treatment of persons who violate state and local laws relating to the production, possession, and transfer of controlled substances.

Task Force Program Fund

The Task Force Program Fund receives a proportionate share of seizure revenue from the federal OCDEFT program. These funds enable the local sheriff's office to assist in and pursue cases with the FBI and DEA.

DARE Fund

The DARE Fund consists of a state grant from the Louisiana Commission on Law Enforcement and public donations and certain court costs. The grant, donations, and costs are used to reduce illegal drug use among youth through educational programs.

Criminal Interdiction

The Criminal Interdiction Fund holds monies released from drug seizures. The monies can be used to supplement the drug task force.

DESOTO PARISH SHERIFF

Mansfield, Louisiana

GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**Combining Balance Sheet**

June 30, 2018

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Criminal Interdiction	Total
ASSETS					
Cash	\$ 52,665	\$ 181,318	\$ 13,007	\$ 66,045	\$ 313,035
Receivables	-	-	7,321	3,500	10,821
TOTAL ASSETS	\$ 52,665	\$ 181,318	\$ 20,328	\$ 69,545	\$ 323,856
LIABILITIES & FUND EQUITY					
Liabilities:					
Interfund payables	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balance:					
Restricted	-	-	20,328	-	20,328
Assigned	52,665	181,318	-	69,545	303,528
Total Fund Equity	52,665	181,318	20,328	69,545	323,856
TOTAL LIABILITIES & FUND EQUITY	\$ 52,665	\$ 181,318	\$ 20,328	\$ 69,545	\$ 323,856

Supplementary information.
See the accompanying independent auditor's report

DESOTO PARISH SHERIFF
Mansfield, Louisiana

GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2018

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Criminal Interdiction Fund	Total
REVENUES					
Fees, Fines, Seizures, and Commissions	\$ 1,788	\$ 17,869	\$ 4,525	\$ 11,892	\$ 36,074
Operating Grants and Contributions					
State grants	-	-	14,573	-	14,573
Interest	-	-	14	-	14
TOTAL REVENUES	<u>1,788</u>	<u>17,869</u>	<u>19,112</u>	<u>11,892</u>	<u>50,661</u>
EXPENDITURES					
Public safety:					
Personal services and related benefits	-	-	11,335	-	11,335
Operating services	63,571	6,972	13,027	34,561	118,131
Materials and supplies	-	-	-	13,824	13,824
Travel and other charges	-	263	52	2,647	2,962
Capital outlay	-	4,950	-	5,520	10,470
TOTAL EXPENDITURES	<u>63,571</u>	<u>12,185</u>	<u>24,414</u>	<u>56,552</u>	<u>156,722</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,783)	5,684	(5,302)	(44,660)	(106,061)
Other financing sources (uses)					
Transfers out	-	(37,050)	-	-	(37,050)
Transfer in	37,050	-	-	-	37,050
TOTAL OTHER FINANCING SOURCES(USES)	<u>37,050</u>	<u>(37,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)	(24,733)	(31,366)	(5,302)	(44,660)	(106,061)
FUND BALANCES, BEGINNING OF YEAR	<u>77,398</u>	<u>212,684</u>	<u>25,630</u>	<u>114,205</u>	<u>429,917</u>
FUND BALANCES, END OF YEAR	<u>\$ 52,665</u>	<u>\$ 181,318</u>	<u>\$ 20,328</u>	<u>\$ 69,545</u>	<u>\$ 323,856</u>

Supplementary Information.
See the accompanying independent auditor's report

**DeSoto Parish Sheriff
Mansfield, Louisiana**

FIDUCIARY FUND TYPE—AGENCY FUNDS

Year ended June 30, 2018

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, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes to the appropriate taxing bodies.

Civil Fund

The Civil Fund accounts for the collection of funds in 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.

Criminal Fund

The Criminal Fund is a depository for cash bonds, fines, and court costs which are posted in criminal and traffic cases and the collection of a bond fee charge levied for the processing of cash bonds. Bond fee charges are transferred to the Sheriff's General Fund and cash bonds are held until cases are heard in court and then either refunded to defendants, or distributed as directed by the court.

Drug Seizures Escrow Fund

In accordance with Louisiana Revised Statute 40:2616, the District Attorney for the Forty-second Judicial District has appointed the DeSoto Parish Sheriff as administrator for the Drug Seizures Escrow Fund. This fund accounts for seized property subject to forfeiture to the law enforcement agencies that participated in the seizing process. The distributions to the appropriate agencies are made only upon order of the district attorney as approved by the court.

Inmate Fund

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
Statement of Changes in Unsettled Deposits
For the year ended June 30, 2018

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
Additions:						
Taxes, fees, etc., received:						
Sheriff's sales	\$ -	\$ 634,040	\$ -	\$ -	\$ -	\$ 634,040
Fines, forfeitures, and costs	-	-	1,412,942	-	-	1,412,942
Garnishments	-	164,593	-	-	-	164,593
Seizures, bonds, etc	-	-	107,586	-	-	107,586
Ad Valorem						
Current year	76,280,289	-	-	-	-	76,280,289
Prior year	29,336	-	-	-	-	29,336
Protested	1,042	-	-	-	-	1,042
State revenue sharing	556,891	-	-	-	-	556,891
Interest on:						
Operating account	5,130	-	-	12	-	5,142
Delinquent taxes	198,234	-	-	-	-	198,234
Prior year taxes	2,987	-	-	-	-	2,987
Cost of tax notices, etc.	46,078	-	-	-	-	46,078
Redemptions	81,574	-	-	-	-	81,574
Other additions	9,330	57,385	-	-	179,409	246,124
Total additions	<u>77,210,891</u>	<u>856,018</u>	<u>1,520,528</u>	<u>12</u>	<u>179,409</u>	<u>79,766,858</u>
Deductions:						
Settlement payments to:						
Louisiana Dept of Forestry	26,113	-	-	-	-	26,113
Red River Levee District	4,026	-	-	-	-	4,026
Louisiana Tax Commission	55,696	-	-	-	-	55,696
Northwest Crime Lab	-	-	139,920	-	-	139,920
Northwest Juvenile Detention	-	-	32,147	-	-	32,147
Louisiana Rehabilitation	-	-	18,405	-	-	18,405
DeSoto Parish:						
Sheriff's General Fund	8,939,244	213,838	158,012	-	-	9,311,094
Clerk of Court	-	95,392	68,106	-	-	163,498
Police Jury	11,387,814	-	579,254	-	-	11,967,068
School Board	40,434,809	-	-	-	-	40,434,809
Assessor	1,773,663	-	-	-	-	1,773,663
Municipalities	-	-	-	-	-	-
District Attorney	-	-	188,353	3,010	-	191,363
Communications District	893,918	-	-	-	-	893,918
Judicial Expense Fund	-	-	86,245	-	-	86,245
Indigent Defender Fund	-	-	191,770	-	-	191,770
Fire Protection District No. 1	1,151,764	-	-	-	-	1,151,764
Fire Protection District No. 2	748,534	-	-	-	-	748,534
Fire Protection District No. 3	396,153	-	-	-	-	396,153
Fire Protection District No. 5	377,820	-	-	-	-	377,820
Fire Protection District No. 8	3,555,147	-	-	-	-	3,555,147
Fire Protection District No. 9	2,591,822	-	-	-	-	2,591,822
Water District No. 1	22,268	-	-	-	-	22,268
Ambulance Service District	4,924,853	-	-	-	-	4,924,853
Litigants, attorneys	-	149,951	-	-	-	149,951
State Pension Funds	2,104,471	-	-	-	-	2,104,471
Other Settlements	6	-	45,619	-	-	45,625
Refunds	857,903	6,692	70,843	-	-	935,438
Other reductions	-	306,617	-	-	175,858	482,475
Total reduction:	<u>80,246,024</u>	<u>772,490</u>	<u>1,578,674</u>	<u>3,010</u>	<u>175,858</u>	<u>82,776,056</u>
Change in Unsettled Deposits	<u>(3,035,133)</u>	<u>83,528</u>	<u>(58,146)</u>	<u>(2,998)</u>	<u>3,551</u>	<u>(3,009,198)</u>
Unsettled Deposits, beginning	3,058,068	10,530	188,182	12,301	5,658	3,274,739
Unsettled Deposits, ending	<u>\$ 22,935</u>	<u>\$ 94,058</u>	<u>\$ 130,036</u>	<u>\$ 9,303</u>	<u>\$ 9,209</u>	<u>\$ 265,541</u>

Supplementary Information. See the accompanying independent auditor's report

DESOTO PARISH SHERIFF
Mansfield, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2018

Rodney Arbuckle, Sheriff (July 1, 2017 to March 16, 2018)

Purpose:	
Salary	\$ 113,776
Benefits - Insurance	11,968
Benefits - Retirement	30,540
Benefits - Other	6,750
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	50
Unvouched expenses	-
Special meals	-
Total	<u>\$ 163,084</u>

Jayson Richardson, Sheriff (March 17, 2018 to June 30, 2018)

Purpose:	
Salary	\$ 43,168
Benefits - Insurance	1,983
Benefits - Retirement	11,440
Benefits - Other	1,950
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	163
Registration fees	-
Conference travel	-
Continuing professional education fees	50
Unvouched expenses	-
Special meals	-
Total	<u>\$ 58,754</u>

See the accompanying independent auditor's report.

ANNUAL REPORTING REQUIREMENT OF SHERIFF AS EX OFFICIO TAX COLLECTOR TO LEGISLATIVE AUDITOR

State of Louisiana, Parish of DeSoto
Jayson Richardson, Sheriff of DeSoto Parish

BEFORE ME, the undersigned authority, personally came and appeared, Jayson Richardson, the Sheriff of DeSoto Parish, State of Louisiana, who after being duly sworn, deposed and said:

\$22,935 is the amount of cash on hand in the tax collector accounts on June 30, 2018.

The cash on hand is monies collected under protest.

The following is a list of ad valorem taxes assessed, collected, and uncollected for 2017:

	2017 Adjusted <u>Tax Assessed</u>	2017 <u>Collections</u>	2017 <u>Uncollected</u>
Louisiana Dept of Forestry	\$ 30,692	\$ 30,692	\$ -
Red River Levee District	4,160	4,160	-
Louisiana Tax Commission	55,690	55,313	-
DeSoto Parish:			
Sheriff's General Fund	8,475,507	8,471,165	4,342
Police Jury	11,391,299	11,385,464	5,835
School Board	40,338,260	40,317,836	20,424
Tax Assessor	1,699,179	1,698,309	870
Communications District (E911)	856,386	855,947	439
Fire Protection District No. 1	1,114,634	1,114,403	231
Fire Protection District No. 2	680,136	680,005	131
Fire Protection District No. 3	377,141	377,114	27
Fire Protection District No. 5	373,314	372,623	691
Fire Protection District No. 8	3,523,595	3,521,257	2,338
Fire Protection District No. 9	2,372,631	2,372,631	-
Ambulance Service District	4,757,702	4,755,265	2,437
	<u>\$ 76,050,326</u>	<u>\$ 76,012,184</u>	<u>\$ 37,765</u>

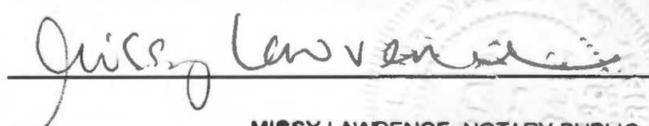
The taxes that were uncollected consist of oil wells that no longer produce and moveable property of businesses that have closed. Liens have been placed on these properties.

The above information is true and correct.



Sheriff of DeSoto Parish

SWORN to and subscribed before me, Notary, this 28th day of December, 2018, in my office in Mansfield, LA.



MISSY LAWRENCE, NOTARY PUBLIC
DESOTO PARISH, LOUISIANA
MY COMMISSION IS FOR LIFE
NOTARY ID # 53245

Supplementary Information.

See the accompanying independent auditor's report

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, Louisiana

Phone No. 318-872-3007

Fax No. 318-872-1357

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Jayson Richardson
DeSoto Parish Sheriff
Mansfield, 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, general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Sheriff's basic financial statements and have issued my report thereon dated December 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto 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 DeSoto Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish Sheriff's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Sheriff's financial statements are free of 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control or on compliance. This report is an integral part of any 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 in accordance with Louisiana Revised Statute 44.6.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana

December 28, 2018

DeSoto Parish Sheriff

Mansfield, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the Year ended June 30, 2018

Part I. SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2018, and have issued my report thereon dated December 28, 2018. I conducted my 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. My audit of the basic financial statements as of June 30, 2018, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency

Yes

No

Material Weakness

Yes

No

Compliance

Compliance Material to Financial Statements

Yes

No

Other Matters

Yes

No

FEDERAL AWARDS: Not applicable

MANAGEMENT LETTER: None was issued.

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

None noted.

DeSoto Parish Sheriff

Mansfield, Louisiana

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year ended June 30, 2018

None.

OTHER REPORT



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana 71052

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Jayson Richardson,
DeSoto Parish Sheriff, and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Sheriff (Sheriff) 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, 2017 through June 30, 2018. The Sheriff's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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.

Written policies and procedures were obtained and were not found to address the functions noted above.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and were found to cover the noted functions above but were somewhat ambiguous in nature.

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

Written policies and procedures were obtained and were not found to clearly address the functions noted above.

- 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).

Written policies and procedures were obtained and were found to clearly address the functions noted above.

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

Written policies and procedures were obtained and were found to address the functions noted above except for the specific process for reviewing and approving of time.

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

Written policies and procedures were obtained and were not found to address the functions noted above.

- 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).

Written policies and procedures were obtained and were found to address the functions noted above except for allowable uses and a proper usage monitoring process.

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

Written policies and procedures were obtained and were found to address the functions noted above.

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

Written policies and procedures were obtained and were not found to address the functions noted above.

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

Written policies and procedures were obtained and were not found to address the functions noted above. The entity does not maintain any debt.

Management Response: *Management will work towards revising existing policies and adopting formal policies where necessary.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Sheriff does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- 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.

The Sheriff does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

3. 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.

The Sheriff does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

Bank Reconciliations

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

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 4 additional accounts were selected for review.

- 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);

Reconciliations were observed to have been prepared within 2 months of the corresponding bank account for all accounts reviewed.

- 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

Board/management review was not observed on bank reconciliations.

- 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.

Two accounts had items outstanding for more than 12 months that did not include documentation of research.

Management Response: *Management will ensure that bank reconciliations include documentation of review. Additionally, management has begun researching outstanding items in accounts.*

Collections

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

A listing of deposits sites and management's representation that the listing is complete were obtained. The only site of the entity selected for review.

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

A listing of collection locations and management's representation that the listing is complete were obtained. The location of the entity was selected for review.

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

There are not separate drawers utilized by entity for each employee. However, the entity does utilize video surveillance of every register/collection location.

- 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.

The entity has different protocols for different collection types. For payments/checks received by mail, the same party collects, prepares deposits, makes deposits, and posts the deposits to the general ledger or subsidiary ledger. For a certain group of physical collections (not received by mail), which are not the primary source of physical collections made, there is a separate collector and sequentially numbered receipts are utilized. However, the collections are immediately turned over to the employee responsible for preparing deposits, making deposits and posting the deposits to the general ledger or subsidiary ledger. These sequentially numbered receipts are not reconciled to the deposit.

- 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.

The entity has different protocols for different collection types. For payments/checks received by mail, the same party collects, prepares deposits, makes deposits, and posts the deposits to the general ledger or subsidiary ledger. For a certain group of physical collections (not received by mail), which are not the primary source of physical collections made, there is a separate collector and sequentially numbered receipts are utilized. However, the collections are immediately turned over to the employee responsible for preparing deposits, making deposits and posting the deposits to the general ledger or subsidiary ledger. These sequentially numbered receipts are not reconciled to the deposit.

- 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.

The entity has different protocols for different collection types and has different protocols for reconciliations of collections depending of the fund of the applicable collections(s). In certain cases, the same employee prepares and reviews reconciliations and is responsible for collecting cash.

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

No exceptions were noted as a result of this procedure.

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

Two deposits for each of the bank accounts selected under procedure #3 were randomly selected and supporting documentation was obtained.

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

Either system reports or sequentially pre-numbered receipts were observed.

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

As noted above, entity has different protocols for different collection types. For collections that provide a daily system collection report, no exceptions were noted. Certain items, which are likely mailed collections received, did not include any documentation. Collections requiring a sequentially numbered receipt were not found to include any reconciliation detail confirming collections.

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

No exceptions were noted as a result of this procedure.

- 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).

Deposits were not observed to be regularly deposited within 1 business day.

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

No exceptions were noted as a result of this procedure.

Management Response: *Management is reviewing procedures currently in place. Additionally, management is reviewing an upgrade to current accounting software to allow for a more uniform procedure for the various collections made. These changes should provide for sufficient segregation of duties.*

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

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).

A listing of payment processing locations and management's representation that the listing is complete were obtained. The only location of the entity selected for review.

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 listing of employees involved with non-payroll purchasing and payment functions and management's representation that the listing is complete were obtained.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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.

No exceptions were noted as a result of this procedure.

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

In five cases, the same party initiated, approved and made purchases.

Management Response: *Management will be working towards revising current purchasing and disbursement procedures. These procedures will ensure proper segregation of duties for purchasing and disbursements.*

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

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

A listing of all active credit cards, bank debit cards, fuel cards, and P-Cards and management's representation that the listing is complete were obtained.

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.

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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).

One card reviewed did not include documentation for any charge. Management cited that the card is used for fuel for the entities helicopter and receipts are not currently being provided. One card reviewed did not include documentation for two charges. Many reviewed receipts/invoices were not signed by purchasers and 1 meal receipt reviewed did not include participant detail or the purpose of the meal purchase.

Management Response: *Management will review revisions to current policies. This will include that purchases made by card are subject to the same general purchasing/disbursement procedures as other purchases. Further, management will ensure that all charges include documentation moving forward.*

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

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 listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete were obtained.

- 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).

The policy of the entity is to reimburse in accordance with the rates established by the Louisiana Department of Administration. The travel expense reimbursement form of entity does not clearly state the time of travel requirements for eligibility for meal reimbursements. As such, it is not clear whether reimbursements were in accordance with LA DoA allowables for meal per diems.

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

The only actual cost reimbursements reviewed were for lodging. No receipts were required by entity for lodging reimbursements.

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

As noted under section 14(b), lodging reimbursements did not require receipts. Thus, the business/public purpose for those reimbursements cannot be confirmed.

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

No exceptions were noted as a result of applying this procedure.

Management Response: *Management is reviewing updates to current procedures and forms utilized. One update will be the requirement of documentation for all lodging reimbursements.*

Contracts

15. No prior year exceptions. Section not reviewed.

Payroll and Personnel

16. No prior year exception. Section not reviewed.

17. No prior year exception. Section not reviewed.

18. No prior year exception. Section not reviewed.

19. No prior year exception. Section not reviewed.

Ethics

20. No prior year exception. Section not reviewed.
-

Debt Service

- 21. No prior year exception. Section not reviewed.
- 22. No prior year exception. Section not reviewed.

Other

- 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.

Allegations of misappropriations of public funds were reported to the entity during the fiscal period and were investigated by the Louisiana Legislative Auditor.

- 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.

No exceptions were noted as a result of applying this procedure.

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.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 28, 2018