

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

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VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

The Honorable John S. Craft
Vernon Parish Sheriff
Leesville, Louisiana

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, each major fund, and the aggregate remaining fund information of the Vernon Parish Sheriff, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 6 and 33 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of the Vernon Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vernon Parish Sheriff's internal control over financial reporting and compliance.

Marcus, Robinson & Hassell

MARCUS, ROBINSON AND HASSELL
Monroe, Louisiana
December 18, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative discussion and analysis of the financial statements of the Vernon Parish Sheriff as of and for the fiscal year ending June 30, 2017, is submitted by the Chief Fiscal Officer of the Vernon Parish Sheriff's Department, and is intended to be used to enhance the readers understanding of the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Liabilities of the Sheriff's office exceeded its assets by \$4,490,339.
- Total expenses exceeded total revenues by \$530,117.
- A ½% sales tax (perpetual in duration of tax) was passed by the voters of Vernon Parish in April 2004. Total sales tax revenue was \$2,851,235.
- Personnel and related benefit costs comprise 77% of total expenses.
- Cash and Cash Equivalents decreased \$19,652 from the prior year.
- Capital Assets increased \$37,495 from the prior year.
- Notes and leases payable decreased \$161,711 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an overview of the Sheriff's basic financial statements. The Statement of Net Position and the Statement of Activities (Governmental-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Sheriff's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund tells how these services were financed in the short term as well as what remains for future spending. This report also contains other supplementary information in addition to the basic financial statements themselves.

In the Independent Auditor's Report, the auditor assures that the Basic Financial Statements are fairly stated. This Independent Auditor's Report should be used to judge the level of assurances provided for each portion in the Financial Section.

Government - Wide Financial Statements. These financial statements are used to present a general over all look at the finances of the Vernon Parish Sheriff's Department similar to a private sector business.

Statement of Net Position. By determining the difference between the assets and liabilities of the Vernon Parish Sheriff, "Net Position" is determined. By comparing Statements of Net Position over a period of time, the overall financial trend of the sheriff can be monitored.

Statement of Activities. This statement shows changes in the sheriff's net position during the course of the fiscal year and includes revenues and expenses for items such as earned and accumulated but unused leave, which is going to effect cash flows in future fiscal years. The Statement of Activities reports all changes to net position as soon as the event affecting net position occurs.

Fund Financial Statements - To comply with finance related legal requirements, the Vernon Parish Sheriff groups related accounts into funds. Fund accounting is used by state and local governments to manage revenues or resources designated for a specific purpose. These funds can be divided into two categories: governmental funds and agency or fiduciary funds.

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government Funds - Information contained in these funds may be used to determine a government's immediate or near-term financing needs since the focus of governmental fund financial statements is on immediate or near term revenues and expenses and not only on balances available at the end of the fiscal year.

Governmental funds account for the same functions as governmental activities found in the government-wide statements but is presented with a more narrow focus. The reader may find it helpful to draw a comparison between the information presented in the governmental funds with information presented for governmental activities in the government-wide financial statements to better understand the long range impact of decisions made for near-term financing. One may choose to use the reconciliation provided for the governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balances to more clearly draw the comparison between these governmental funds and governmental activities.

A budgetary comparison statement is provided to demonstrate compliance with the sheriff's annual adopted appropriated budget.

Agency (Fiduciary) Funds - These funds are used to manage monies and resources held by the Sheriff on behalf of others, such as inmate trust deposits, taxes, fines and bonds. Since these resources do not belong to the Sheriff and are not available to support the operations of the Sheriff, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements - These notes provide additional information which is helpful in understanding the data presented in the government-wide and fund financial statements.

Other Information - This report provides certain required supplementary information above and beyond the basic financial statements and accompanying notes regarding the financial activities of the Vernon Parish Sheriff.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's net position as of June 30, 2017 was a deficit of (\$4,490,339), a decrease of \$530,117 from the previous year.

Sheriff's Net Position

	<u>Governmental Activities</u>	
	<u>6/30/17</u>	<u>6/30/16</u>
Current & Other Assets	\$ 1,050,029	\$ 845,132
Capital Assets	<u>1,525,243</u>	<u>1,753,753</u>
Total Assets	2,575,272	2,598,885
Deferred Outflows of Resources	<u>2,478,134</u>	<u>972,277</u>
Total Assets and Deferred Outflows of Resources	<u>5,053,406</u>	<u>3,571,162</u>
Current Liabilities	986,195	340,929
Long-Term, Liabilities	<u>7,823,732</u>	<u>6,097,273</u>
Total Liabilities	8,809,927	6,438,202
Deferred Inflows of Resources	<u>733,818</u>	<u>1,093,182</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,543,745</u>	<u>7,531,384</u>
Net Position		
Net Investment in Capital Assets	1,262,190	1,328,989
Unrestricted	<u>(5,752,529)</u>	<u>(5,289,211)</u>
Total Net Position	<u>\$(4,490,339)</u>	<u>\$(3,960,222)</u>

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets represents 59% of total assets. Allowance has been taken for outstanding debt incurred for the purchase of fixed assets.

Changes in Sheriff's Net Position

	<u>Governmental Activities</u>	
	<u>6/30/17</u>	<u>6/30/16</u>
Revenues		
Program Revenues		
Fees, Charges and Commission	\$ 5,217,623	\$ 4,916,943
Operating Grants and Contributions	106,727	78,541
General Revenues		
Ad Valorem Taxes	2,736,614	2,820,583
Sales Taxes	2,851,235	2,996,496
Other General Revenues	<u>929,333</u>	<u>927,436</u>
Total Revenues	<u>11,841,532</u>	<u>11,739,999</u>
Expenses		
Public Safety	<u>12,371,649</u>	<u>11,229,344</u>
Total Expenses	<u>12,371,649</u>	<u>11,229,344</u>
Change in Net Position	<u>\$ (530,117)</u>	<u>\$ 510,655</u>

FINANCIAL ANALYSIS OF SHERIFF FUND

Fund accounting is used by the Vernon Parish Sheriff to demonstrate its compliance with finance related legal requirements and to provide information used in determining the government's financing needs. Governmental funds are used to provide information on near-term inflows, outflows, and expendable resource balances. The unreserved fund balance may be used to gauge the government's end of year net resources that will be available for spending.

The Vernon Parish Sheriff's combined governmental fund balances as of June 30, 2017 is \$63,834. The June 30, 2016 combined governmental fund balances was \$504,203. This is a decrease of \$440,369. Of the June 30, 2017 balances, \$18,343 is unassigned.

Budgetary Highlights

Revenues in the final budget exceeded projections in the original budget. The original budget was amended. The largest revenue increase was an increase in budgeted other income of \$486,575. The largest expenditure increase was operating services of \$315,414.

Capital Asset and Debt Administration

Capital Assets: The Vernon Parish Sheriff investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$1,525,243 (net of accumulated depreciation).

VERNON PARISH SHERIFF
LEESVILLE, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes capital assets:	<u>6/30/17</u>	<u>6/30/16</u>
Capital Assets:		
Vehicles	\$ 495,316	\$ 545,977
Furniture and Equipment	633,137	623,457
Buildings	2,217,958	2,217,958
Land	<u>129,390</u>	<u>129,390</u>
	3,475,801	3,516,782
Accumulated Depreciation	<u>1,950,558</u>	<u>1,763,029</u>
Capital Assets, net	<u>\$1,525,243</u>	<u>\$1,753,753</u>

Long-term Debt: At June 30, 2017, the Sheriff had the following long-term debt outstanding:

	<u>Governmental Activities</u>	
	<u>6/30/17</u>	<u>6/30/16</u>
Tax Anticipation Loans	\$ 0	\$ 0
Equipment Installment Loans	263,053	424,764
Compensated Absences	240,648	213,743
Other Post-Employment Benefits	2,155,855	1,847,886
Net Pension Liability	<u>5,164,176</u>	<u>3,610,880</u>
	<u>\$7,823,732</u>	<u>\$6,097,273</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Vernon Parish Sheriff's elected official considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- 1) Taxes
- 2) Intergovernmental Revenues
- 3) Fees, Charges, and Commissions for Services

The Vernon Parish Sheriff does not expect any significant changes in next year's results as compared to the current year.

Request for Information

This report may be used by all persons with an interest in the financial status of the Vernon Parish Sheriff. It is designed to help the reader gain a general over-all view of the sheriff's finances. Any question or request for additional information should be addressed to the Vernon Parish Sheriff, P.O. Box 649, Leesville, La 71496-0649.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash and Cash Equivalents	\$ 81,489
Accounts Receivables	968,540
Capital Assets, net	<u>1,525,243</u>
 <u>TOTAL ASSETS</u>	 2,575,272

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	<u>2,478,134</u>
 <u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	 <u>2,478,134</u>

<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$5,053,406</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

Accounts Payable	\$ 986,195
Long-Term Liabilities	
Due Within One Year	163,678
Net Post Employment Benefit Obligation	2,155,855
Due in More Than One Year	340,023
Net Pension Liability	<u>5,164,176</u>
 <u>TOTAL LIABILITIES</u>	 8,809,927

DEFERRED INFLOWS OF RESOURCES

Pension Related	<u>733,818</u>
 <u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	 733,818

NET POSITION

Net Investment in Capital Assets, net of related debt	1,262,190
Unrestricted	<u>(5,752,529)</u>

<u>TOTAL NET POSITION</u>	<u>(4,490,339)</u>
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<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>\$5,053,406</u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Operating</u> <u>Grants</u>	<u>Capital</u> <u>Grants</u>	
<u>Functions/Programs:</u>				
<u>Judicial</u>				
Personal Services	\$ 9,561,255	\$ 0	\$ 0	\$ (9,561,255)
Operating Services	1,783,903	106,727	0	(1,677,176)
Materials and Supplies	486,456	0	0	(486,456)
Travel and Other Charges	236,364	0	0	(236,364)
Debt Service-Interest	37,666	0	0	(37,666)
Depreciation	243,951	0	0	(243,951)
<u>TOTAL PROGRAM EXPENSES</u>	<u>\$12,349,595</u>	<u>\$106,727</u>	<u>\$ 0</u>	<u>\$(12,242,868)</u>
<u>Program Revenues</u>				
Commission on License				54,519
Fees - 911				686,063
Fines & Costs				402,121
Civil & Criminal Fees				312,332
Housing Prisoners				2,567,849
Other				1,194,739
<u>TOTAL PROGRAM REVENUES</u>				<u>5,217,623</u>
<u>NET PROGRAM EXPENSES</u>				<u>(7,025,245)</u>
<u>General Revenues</u>				
Taxes - Ad Valorem				2,736,614
Taxes - Sales Tax				2,851,235
Grants & contributions not restricted to specific programs				
State revenue sharing				234,296
Other				693,906
Book Value of Disposed Assets				(22,054)
Interest Earned				1,131
<u>TOTAL GENERAL REVENUES</u>				<u>6,495,128</u>
<u>Change in Net Position</u>				(530,117)
<u>Net Position at Beginning of Year</u>				<u>(3,960,222)</u>
<u>Net Position at End of Year</u>				<u>\$ (4,490,339)</u>

See Notes to Financial Statements

BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 35,998	\$45,491	\$ 81,489
Receivables	<u>968,540</u>	<u>0</u>	<u>968,540</u>
 <u>TOTAL ASSETS</u>	 <u>\$1,004,538</u>	 <u>\$45,491</u>	 <u>\$1,050,029</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ <u>986,195</u>	\$ <u>0</u>	\$ <u>986,195</u>
 <u>TOTAL LIABILITIES</u>	 986,195	 0	 986,195
Fund Balances:			
Assigned	0	45,491	45,491
Unassigned	<u>18,343</u>	<u>0</u>	<u>18,343</u>
 <u>TOTAL FUND BALANCES</u>	 <u>18,343</u>	 <u>45,491</u>	 <u>63,834</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>\$1,004,538</u>	 <u>\$45,491</u>	 <u>\$1,050,029</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Total Fund Balances - Governmental Funds \$ 63,834

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred Outflows - Pension Related 2,478,134

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds.

Cost of Capital Assets	3,475,801	
Less: Accumulated Depreciation	<u>(1,950,558)</u>	1,525,243

Long-term liabilities are not due and payable in the current period. Accordingly, they are not reported as liabilities in the Governmental Funds. All liabilities are reported in the Statement of Net Position.

Installment Loans	263,053	
Tax Anticipation Loans	0	
Deferred Comp. Payable	240,648	
Net Post Employment Benefit Obligation	2,155,855	
Net Pension Liability	5,164,176	
Deferred Inflows - Pension Related	<u>733,818</u>	<u>(8,557,550)</u>

<u>Net Position</u>		<u>\$(4,490,339)</u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Total</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$2,736,614	\$ 0	\$2,736,614
Sales Taxes	2,851,235	0	2,851,235
Intergovernmental Revenues:			
Federal Grants	56,265	0	56,265
Local Grants	28,690	0	28,690
State Grants	715,678	0	715,678
State Revenue Sharing	234,296	0	234,296
Fees, Charges & Services:			
Fees - 911	0	686,063	686,063
Licenses	54,519	0	54,519
Fines & Cost	402,121	0	402,121
Civil	312,332	0	312,332
Housing Prisoners	2,567,849	0	2,567,849
Use of Money - Interest Earnings	1,131	0	1,131
Other	<u>970,905</u>	<u>223,834</u>	<u>1,194,739</u>
<u>TOTAL REVENUES</u>	<u>10,931,635</u>	<u>909,897</u>	<u>11,841,532</u>
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services and Related Benefits	8,963,296	575,010	9,538,306
Operating Services	1,648,941	134,962	1,783,903
Materials and Supplies	486,456	0	486,456
Travel and Other Charges	23,163	213,201	236,364
Debt Service:			
Principal	1,661,711	0	1,661,711
Interest and Bank Charges	37,666	0	37,666
Capital Outlay	<u>37,495</u>	<u>0</u>	<u>37,495</u>
<u>TOTAL EXPENDITURES</u>	<u>12,858,728</u>	<u>0</u>	<u>13,781,901</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER EXPENDITURES</u>	(1,927,093)	923,173	(1,940,369)
<u>OTHER FINANCING SOURCES</u>			
Proceeds from Bank Loan	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</u>			
<u>SOURCES OVER EXPENDITURES</u>	(427,093)	(13,276)	(440,369)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>445,436</u>	<u>58,767</u>	<u>504,203</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 18,343</u>	<u>\$ 45,491</u>	<u>\$ 63,834</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances	\$(440,369)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in government funds as fund expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays for the periods.

Capital Outlays reported in the Funds	37,495	
Less: Depreciation reported in Statement of Activities	<u>(243,951)</u>	(206,456)

Disposition of capital assets is not recognized in governmental funds. However, in the statement of activities, the book value of disposed assets is recorded as an expense.	(22,054)
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Additional loan proceeds is another financing source in the governmental funds, but the loans increase long-term liabilities in the Statement of Net Position.	(1,500,000)
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Repayment of loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,661,711
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In the Statement of Activities, certain operating expenses - Comp Time - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(26,905)
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Net Post-Employment Benefit Obligation Expensed	(307,969)
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Non-Employer Contributions to Cost-Sharing Pension Plan	316,068
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Pension Expense	<u>(4,143)</u>
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<u>Change in Net Position of Governmental Activities</u>	<u>\$(530,117)</u>
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See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

	<u>Sheriff's Fund</u>	<u>Inmate Trust Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$1,126,546</u>	<u>\$65,337</u>	<u>\$70,414</u>	<u>\$1,262,297</u>
<u>LIABILITIES</u>				
Due to Taxing Bodies and Others	<u>\$1,126,546</u>	<u>\$65,337</u>	<u>\$70,414</u>	<u>\$1,262,297</u>

See Notes to Financial Statements

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

INTRODUCTION

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Vernon Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Vernon Parish Sheriff is considered a primary government, since it is a special purpose government that has a separately elected official, is legally separate, and is fiscally independent of other state or local governments. As described in GASB Statement No. 14, fiscally independent means that the Sheriff may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Sheriff also has no component units, as other legally separate organizations for which the Sheriff is financially accountable. There are no other primary governments with which the Sheriff has a significant relationship.

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Sheriff includes all funds, account groups, and activities that are controlled by the Sheriff as an independently elected official. As such, 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. This report only includes all funds which are controlled by or dependent upon the Vernon Parish Sheriff.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS - GOVERNMENT - WIDE STATEMENTS

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Sheriff as a whole.

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary of Assets and Liabilities at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position is reported in three parts; net investment in capital assets, net of any related debt; restricted net position; and unrestricted net position.

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Fund financial statements report detailed information about the Sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into two categories; governmental and fiduciary. Each category, in turn, is divided into separate "fund types". 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. Fiduciary funds are used to account for assets held for others. The Sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Sheriff are described as follows:

Government Fund Types

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Sheriff and is used to account for the operations of the Sheriff's office. The various fees and charges due to the Sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund. The general fund is the only fund classified as a major fund.

Special Revenue Funds - The Inmate Commissary Fund is used to account for the proceeds of specific revenue sources such as sales to inmates. The Vernon Communication District Fund is used to account for the operations of the Parish E911 service. Those revenues are restricted to expenditures for specified purposes.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Fiduciary Fund Type - Agency Funds

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

E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements were prepared using 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). Revenues, expenses, gains, losses, assets and liabilities resulting from nonchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements

Governmental funds 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 differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Vernon Parish Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Those revenues susceptible to accrual include ad valorem taxes, state revenue sharing, interest revenue, commissions, and charges for services. Federal, state and local aid and grants are recorded when the Sheriff is entitled to the funds.

Other intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. All miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

F. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control. The Vernon Parish Sheriff prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the Sheriff.

All Budget appropriations lapse at year end.

Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments.

G. SALES TAX

The voters of Vernon Parish approved a one-half percent (½%) sales tax effective April 1, 2004, dedicated for the purpose of providing additional funding for the law enforcement district. The tax is perpetual. The Vernon Parish Sales Tax Department collects the tax and remits to the Sheriff. For this service the Sheriff pays a pro-rate share of administrative expense of the tax collection.

H. ENCUMBRANCES

Encumbrance accounting is not used in the Sheriff's operations.

I. CASH AND CASH EQUIVALENTS

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

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Sheriff, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Depreciation</u>	<u>Estimated Lives</u>
Vehicles	5 Years
Furniture & Fixtures	10-20 Years
Buildings	40 Years

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

K. RISK MANAGEMENT

The Sheriff's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Louisiana law provides that the Sheriff may join with other Sheriffs to form an interlocal risk management agency for the development and administration of an interlocal risk management program. The Vernon Parish Sheriff has joined together with other Sheriffs to form the Louisiana Sheriff's Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for Louisiana Sheriffs. The Sheriff pays an annual premium to the pool for its general and professional liability insurance coverage.

The agreement for formation of the Louisiana Sheriff's Risk Management Program, administered by the Louisiana Sheriff's Association, provides for the pool to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$3,000,000 for each insured event. The Sheriff estimates the range of contingent losses, if any, to be borne by the government will not exceed the available insurance coverage.

The Louisiana Sheriff's Risk Management Program has published its own financial report which can be obtained from the Louisiana Sheriff's Association, 1175 Nicholson Drive, Baton Rouge, La 70804.

In addition to the above, the Sheriff has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

L. COMPENSATED ABSENCES

Full-time deputies of the Sheriff's office, depending on length of service, earn from 5 to 20 days of vacation and sick leave each year. Vacation leave must be taken in the year earned. Accumulated sick leave is not paid upon termination of employment. At June 30, 2017, there are no accumulated and vested benefits relating to vacation and sick leave that require disclosure or accrual to conform with generally accepted accounting principles.

Comp. time is earned for overtime hours worked. The comp time is calculated based on 1 ½ time of hourly rate (including supplemental pay). Comp time is taken by time off, however, comp time earned and accrued is paid upon termination of the employee. Comp time earned in excess of 480 hours must be paid to the employee.

The comp time is measured by any amounts actually paid in the government funds.

The comp time is measured when actually earned in the government-wide statements and comp time earned and not paid is recorded as a liability.

Comp time earned and accrued at June 30, 2017 totaled \$240,648.

M. BAD DEBTS

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels all receivables at year end are collectable and no allowance for bad debts is necessary.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

N. ESTIMATES

The preparation of the 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 estimates.

O. EQUITY CLASSIFICATIONS - GOVERNMENT-WIDE STATEMENTS

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Sheriff reports three categories of net position, as follows:

- **Net Investment in capital assets** - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- **Restricted net position** - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Sheriff's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- **Unrestricted net position** - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Sheriff.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The Sheriff's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision making authority.

Assigned - represents balances that are constrained by the Sheriff's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS - CONTINUED

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

Q. PENSION PLANS

The Vernon Parish Sheriff's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

NOTE 2 - LEVIED TAXES

Act 689 of the regular session of the Louisiana Legislature of 1976 provided initial financing authorization for the levy of an ad valorem tax millage for the law enforcement district. Voters of the district subsequently approved an increase in the ad valorem tax beyond initial authorization. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u> <u>Expiration</u>	<u>Levied</u> <u>Millage</u>	<u>Millage</u>
Law Enforcement District	Indefinite	12.37	12.37
Law Enforcement District	2020	7.92	7.92

NOTE 3 - CASH AND CASH EQUIVALENTS

For the purpose of these financial statements, the Sheriff considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

At June 30, 2017, the Sheriff has cash and cash equivalents (book balances) totaling \$1,343,786 as follows:

	<u>Statement of</u> <u>Net Position</u>	<u>Statement of</u> <u>Fiduciary Assets & Liabilities</u>	<u>Total</u>
Petty Cash	\$ 1,800	\$ 0	\$ 1,800
Demand Deposits	<u>79,689</u>	<u>1,262,297</u>	<u>1,341,986</u>
<u>TOTAL</u>	<u>\$81,489</u>	<u>\$1,262,297</u>	<u>\$1,343,786</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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.

At June 30, 2017, the Sheriff has \$1,612,959 in deposits (collected bank balances). These deposits are secured from risk by \$265,915 of federal deposit insurance and \$1,347,044 was collateralized by securities by pledging banks in the Sheriff's name.

NOTE 4 - RECEIVABLES

The receivables at June 30, 2017, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Advalorem and Sales Tax	\$293,714	\$0	\$293,714
License	465	0	465
Fees, Charges, and Commissions for Services	46,146	0	46,146
Grants	48,216	0	48,216
Feeding and Keeping of Prisoners	329,035	0	329,035
Other	<u>250,964</u>	<u>0</u>	<u>250,964</u>
TOTAL	<u>\$968,540</u>	<u>\$0</u>	<u>\$968,540</u>

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<u>Capital Assets</u>				
Vehicles	\$ 545,977	\$ 0	\$50,661	\$ 495,316
Furniture & Equipment	623,457	37,495	27,815	633,137
Buildings	2,217,958	0	0	2,217,958
Land	<u>129,390</u>	<u>0</u>	<u>0</u>	<u>129,390</u>
	<u>\$3,516,782</u>	<u>\$ 37,495</u>	<u>\$78,476</u>	<u>\$3,475,801</u>
<u>Accumulated Depreciation</u>				
Vehicles	\$ 241,788	\$ 99,063	\$40,528	\$ 300,323
Furniture & Equipment	259,569	88,841	15,894	332,516
Buildings	<u>1,261,672</u>	<u>56,047</u>	<u>0</u>	<u>1,317,719</u>
	<u>1,763,029</u>	<u>243,951</u>	<u>56,422</u>	<u>1,950,558</u>
<u>Net Capital Assets</u>	<u>\$1,753,753</u>	<u>\$206,456</u>	<u>\$22,054</u>	<u>\$1,525,243</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLAN

Substantially all employees of the Vernon Parish Sheriff's office are members of the Louisiana Sheriffs Pension and Relief Fund (the System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and deputies who are found to be physically fit, earn at least \$400 per month, and who were at least 18 years of age at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to percentage of their final-average salary for each year of credited service. Final - average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary and the Vernon Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 13.25 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Vernon Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Vernon Parish Sheriff's contributions to the System for the years ended June 30, 2015, 2016, and 2017 were \$765,354, \$764,069 and \$737,545, respectively, equal to the required contributions for each year.

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

At June 30, 2017, the Sheriff reported a liability of \$5,164,176 for its proportionate share of the net pension liability of the system. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Sheriff's proportion was .8137% which was an increase of .0044% from its proportion measured as of June 30, 2015.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLAN - CONTINUED

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$4,143 representing its proportionate share of the system's net expense, including amortization of deferred amounts.

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$(541,665)
Changes of assumptions	421,897	0
Net difference between projected and actual earnings on pension plan investments	1,293,369	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	25,323	(192,153)
Employer contributions subsequent to the measurement date	<u>737,545</u>	<u>0</u>
Total	<u>\$2,478,134</u>	<u>\$(733,818)</u>

The Sheriff reported a total of \$737,545 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2017.

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	
2017	\$ 92,561
2018	92,561
2019	469,294
2020	325,744
2021	13,208
2022	<u>13,203</u>
	<u>\$1,006,571</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLAN - CONTINUED

Actuarial Assumptions

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.6%, net of investment expense
Discount Rate	7.5%
Projected Salary Increases	5.5% (2.875% inflation, 2.625% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries
Expected Remaining Service Lives	2016 - 7 years 2015 - 6 years 2014 - 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments 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.
Changes in Valuation Methods and Assumptions	The discount rate was lowered from 7.6% to 7.5% for the year ended June 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Securities	60%	6.4%	3.90%
Bonds	25%	1.9%	0.50%
Alternative Investments	15%	4.3%	0.60%
Total	<u>100%</u>		5.00%
Inflation			<u>2.70%</u>
Expected Arithmetic Nominal Return			<u>7.70%</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - PENSION PLAN - CONTINUED

Mortality Rate

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.

Discount Rate

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

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSPRF			
Rates	6.50%	7.50%	8.50%
VPSO Share of NPL	\$8,761,552	\$5,164,176	\$2,194,970

Change in Net Pension Liability

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the pension liability, changes of assumptions about future economic or demographic factors, and changes in the employer's proportionate share 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 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.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

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

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The employer pays a portion of the medical coverage for the retiree only (not dependents), depending on length of service at retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service.

Life insurance coverage is continued to retirees. The employer pays for the first \$10,000 of life insurance after retirement for the retiree and the retirees pay for the volume in excess of \$10,000. However, both the employer and retiree rates are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

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

Fund Policy - Until 2010, the Vernon Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (Vernon Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, Vernon Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$300,105 and \$277,875 respectively.

Effective July 1, 2010, Vernon Parish Sheriff implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution - Vernon Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal Cost	\$227,927	\$219,161
30-year UAL amortization amount	<u>413,095</u>	<u>397,206</u>
Annual Required Contribution (ARC)	<u>\$641,022</u>	<u>\$616,367</u>

Net Post-Employment Benefit Obligation (Asset). The table below shows Vernon Parish Sheriff's Net Other Post-Employment Benefit (OPEB) Obligation for fiscal years ending June 30:

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$1,847,886	\$1,536,795
Annual Required Contribution	641,022	616,367
Interest on Net OPEB Obligation	73,915	61,472
ARC Adjustment	<u>(106,863)</u>	<u>(88,873)</u>
OPEB Cost	608,074	588,966
Contribution to Irrevocable Trust	0	0
Current Year Retiree Premium	<u>(300,105)</u>	<u>(277,875)</u>
Change in Net OPEB Obligation	<u>307,969</u>	<u>311,091</u>
Ending Net OPEB Obligation	<u>\$2,155,855</u>	<u>\$1,847,886</u>

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Liability</u> <u>(Asset)</u>
June 30, 2017	\$608,074	49.35%	\$2,155,855
June 30, 2016	\$588,966	47.18%	\$1,847,886

Funded Status and Funding Progress - In 2017 and 2016, Vernon Parish Sheriff made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$7,429,032 which is defined as that portion, as determined by a particular actuarial cost method (Vernon Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$7,429,032	\$7,143,300
Actuarial Value of Plan Assets (AVP)	0	0
Unfunded Acct. Accrued Liability (UAAL)	<u>\$7,429,032</u>	<u>\$7,143,300</u>
Funded Ratio (AVP/AAL)	0%	0%
Covered Payroll (active plan members)	\$5,606,307	\$5,582,837
UAAL as a Percentage of Covered Payroll	132.51%	127.95%

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Vernon Parish Sheriff and its employee plan members) at the time of the valuation

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

and on the pattern of sharing costs between Vernon Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Vernon Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

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

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 20%.

Post-Employment Benefit Plan Eligibility Requirements - We have assumed that employees retire four years after the earliest eligibility for retirement (D.R.O.P. entry) as described in the section above entitled "Plan Description". Medical benefits are provided to employees upon actual retirement.

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

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

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

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medial rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the total "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The employer contribution is then the total unblended rate so determined less the retiree contribution, if any.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS CONTINUED

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

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

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

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

	OPEB Costs and Contributions		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$504,481	\$588,966	\$608,074
Contribution	0	0	0
Retiree Premium	<u>260,932</u>	<u>277,875</u>	<u>300,105</u>
Total Contribution and Premium	<u>260,932</u>	<u>277,875</u>	<u>300,105</u>
Change in Net OPEB Obligation	<u>\$243,549</u>	<u>\$311,091</u>	<u>\$307,969</u>
% of Contribution to Cost	0.00%	0.00%	0.00%
% of Contribution Plus Premium to Cost	51.72%	47.18%	49.35%

NOTE 8 - CHANGES IN AGENCY FUNDS

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

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>
Agency Funds:				
Sheriff's	\$1,083,084	\$ 1,688,324	\$ 1,644,862	\$1,126,546
Tax Collector	58,353	18,457,499	18,445,438	70,414
Inmate Trust	<u>64,933</u>	<u>663,246</u>	<u>662,842</u>	<u>65,337</u>
TOTAL	<u>\$1,206,370</u>	<u>\$20,809,069</u>	<u>\$20,753,142</u>	<u>\$1,262,297</u>

NOTE 9 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance <u>June 30, 2016</u>	<u>Additional</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Amounts Due Within Year
Installment Loans	\$424,764	\$ 0	\$ 161,711	\$263,053	\$163,678
Tax Anticipation Loan	0	1,500,000	1,500,000	0	0
Deferred Comp. Payable	<u>213,743</u>	<u>311,619</u>	<u>284,714</u>	<u>240,648</u>	<u>0</u>
	<u>\$638,507</u>	<u>\$1,811,619</u>	<u>\$1,946,425</u>	<u>\$503,701</u>	<u>\$163,678</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS - continued

Installment Loans

Financed 2 vehicles at Sabine State Bank due in monthly installments of \$2,158 which includes interest at 3.25% \$ 46,038

Financed equipment at Kansas State Bank due in monthly installments of \$7,144 which includes interest at 2.37% 105,289

Financed 4 vehicles at Sabine State Bank due in monthly installments of \$4,815 which includes interest at 3.25% 111,726
\$263,053

Annual Debt Service Requirements

The annual debt service requirements to maturity (excluding deferred comp.) including principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$163,678	\$5,731	\$169,409
2019	<u>99,375</u>	<u>1,420</u>	<u>100,795</u>
	<u>\$263,053</u>	<u>\$7,151</u>	<u>\$270,204</u>

NOTE 10 - TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the tax collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the tax collector refunds the amount due, with interest at the rate of 2 percent per annum from the date the funds were received by the tax collector. The following is a summary of changes in the taxes paid under protest as recorded in the Tax Collector Agency Fund:

Balance, June 30, 2016	\$ 0
Additions:	
Taxes	5,934
Interest	0
Settlements to Taxing Bodies and Others	<u>0</u>
Balance, June 30, 2017	<u>\$5,934</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - ON - BEHALF PAYMENTS

The Sheriff's office is located in the parish courthouse annex. Expenditures for operation and maintenance of the courthouse annex, as required by Louisiana Revised Statute 33:4715, are paid by the Vernon Parish Police Jury.

NOTE 12 - LITIGATION AND CLAIMS

At June 30, 2017, the sheriff is involved in one lawsuit seeking damages. Legal council anticipates an approximate 40% or better chance of a favorable outcome however, an unfavorable outcome could approximate a liability in the range of \$20,000 - \$30,000. Liability insurance coverage carried by the sheriff totals \$1,000,000 in the aggregate.

NOTE 13 - EX-OFFICIO TAX COLLECTOR

The amount of cash on hand at June 30, 2017 was \$70,414. The unsettled balances of the Tax Collector Fund at June 30, 2017 consist of:

Refunds & Redemptions	<u>\$70,414</u>
	<u>\$70,414</u>

The amount of taxes collected for the current year by taxing authority was as follows:

<u>Taxing Authority</u>	<u>Taxes Collected</u>
Vernon Parish Assessor	\$ 900,293
Vernon Parish Sheriff	2,793,124
Vernon Parish Police Jury	5,200,677
Vernon Parish School Board	7,518,414
La Agriculture & Forestry Commission	35,866
South Vernon Parish Water District	66,220
West Vernon Parish Water District	57,553
Louisiana Tax Commission	9,283
Vernon Parish Clerk	43,163
Vernon Parish District Attorney	31,371
Municipal Employees	43,163
Parochial Employees	43,163
Vernon Parish Registrar of Voters	10,791
	<u>\$16,753,081</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - EX-OFFICIO TAX COLLECTOR - continued

There were no taxes uncollected due to bankruptcies.

The amount of collection on behalf of other taxing authorities is as follows:

<u>Taxing Authority</u>	<u>Vernon Parish Police Jury</u>	<u>La Department Wildlife & Fisheries</u>	<u>Commission to Vernon Parish Sheriff</u>	<u>Final Distribution</u>
Occupational License	\$339,679	\$ 0	\$59,943	\$399,622
Gaming License	<u>0</u>	<u>1,741</u>	<u>0</u>	<u>1,741</u>
	<u>\$339,679</u>	<u>\$1,741</u>	<u>\$59,943</u>	<u>\$401,363</u>

The Vernon Parish Sheriff's Office does not collect sales tax, hotel/motel tax, tax incremental finance district, public utility insurance premiums or any other taxes other than ad valorem tax, occupational licenses and gaming licenses for tax authorities.

NOTE 14 - RELATED PARTY TRANSACTIONS

There were no related party transactions that came to our attention.

NOTE 15 - SUBSEQUENT EVENTS

The Sheriff's management has evaluated subsequent events through the date the financial statements were available to be issued, December 18, 2017 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
PART II

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - Ad Valorem	\$ 2,700,000	\$ 2,733,900	\$ 2,736,614	\$ 2,714
Taxes - Sales	3,300,000	2,831,000	2,851,235	20,235
Intergovernmental Revenues:				
Federal Grants	50,000	55,000	56,265	1,265
Local Grants	20,000	25,000	28,690	3,690
State Grants	628,200	618,625	715,678	97,053
State Revenue Sharing	237,300	234,300	234,296	(4)
Fees, Charges & Services				
Licenses	40,000	60,400	54,519	(5,881)
Fines & Costs	317,000	440,185	402,121	(38,064)
Civil	231,000	316,370	312,332	(4,038)
Housing Prisoners	2,575,100	2,547,070	2,567,849	20,779
Use of Money - Interest Earnings	7,500	2,675	1,131	(1,544)
Other	1,181,000	1,457,480	970,905	(486,575)
<u>TOTAL REVENUES</u>	<u>\$11,287,100</u>	<u>\$11,322,005</u>	<u>\$10,931,635</u>	<u>\$(390,370)</u>
<u>EXPENDITURES</u>				
Public Safety				
Personal Services & Related Benefits	\$ 8,493,500	\$ 9,217,980	\$ 8,963,296	\$ 254,684
Operating Services	1,963,000	1,964,355	1,648,941	315,414
Materials and Supplies	304,800	361,450	486,456	(125,006)
Travel and Other Charges	0	0	23,163	(23,163)
Debt Service				
Principal & Interest	1,630,500	1,699,375	1,699,377	(2)
Capital Outlay	0	20,175	37,495	(17,320)
<u>TOTAL EXPENDITURES</u>	<u>12,391,800</u>	<u>13,263,335</u>	<u>12,858,728</u>	<u>404,607</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(1,104,700)</u>	<u>(1,941,330)</u>	<u>(1,927,093)</u>	<u>14,237</u>
<u>OTHER FINANCING SOURCES</u>				
Installment Loans	0	0	0	0
Proceeds from Bank Loans	1,500,000	1,500,000	1,500,000	0
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	<u>395,300</u>	<u>(441,330)</u>	<u>(427,093)</u>	<u>14,237</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>445,436</u>	<u>445,436</u>	<u>445,436</u>	<u>0</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 840,736</u>	<u>\$ 4,106</u>	<u>\$ 18,343</u>	<u>\$ 14,237</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2017

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Of Covered Payroll</u>
06/30/17	07/01/15	\$0	\$7,429,032	\$7,429,032	0.00%	\$5,606,307	132.51%
06/30/16	07/01/15	\$0	\$7,143,000	\$7,143,000	0.00%	\$5,582,837	127.95%
06/30/15	07/01/12	\$0	\$6,097,162	\$6,097,162	0.00%	\$5,404,715	112.81%
06/30/14	07/01/12	\$0	\$5,862,626	\$5,862,626	0.00%	\$6,036,656	97.12%
06/30/13	07/01/12	\$0	\$5,637,140	\$5,637,140	0.00%	\$5,839,361	96.54%
06/30/12	07/01/09	\$0	\$4,671,773	\$4,671,773	0.00%	\$5,293,887	88.25%
06/30/11	07/01/09	\$0	\$4,671,773	\$4,671,773	0.00%	\$4,895,821	95.42%
06/30/10	07/01/09	\$0	\$4,671,773	\$4,671,773	0.00%	\$4,980,978	93.79%

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Year End</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to</u> <u>Contractual</u> <u>Required</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Employer's</u> <u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions</u> <u>as a % of</u> <u>Covered</u> <u>Employee</u> <u>Payroll</u>
2015	\$765,354	\$765,354	\$0	\$5,370,905	14.25%
2016	\$764,069	\$764,069	\$0	\$5,556,857	13.75%
2017	\$737,545	\$737,545	\$0	\$5,566,364	13.25%

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

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

Year Ended <u>June 30,</u>	Employer Proportion Of the Net Pension Liability <u>(Asset)</u>	Employer Proportionate Share of the Net Pension Liability <u>(Asset)</u>	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	.8451	\$3,346,418	\$5,370,905	62.3064%	87.34%
2016	.8101	\$5,556,857	\$5,556,857	64.9812%	86.61%
2017	.8137	\$5,164,176	\$5,566,364	92.7746%	82.10%

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

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

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
NOTE TO CHANGES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes in Valuation
Methods and Assumptions

The valuation interest rate was lowered from 7.6% to 7.5% for the year ended June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
FIDUCIARY FUND TYPE - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Sheriff's Fund - Accounts for funds held in civil suits, sheriff's sales, and garnishments. It also accounts for collection of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws. The Sheriff's Fund is comprised of the Civil, Bond, Fines and Costs Funds, and the Probation Fund of the Sheriff.

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

Inmate Fund - Accounts for money deposited by various prison inmates while incarcerated by the Sheriff. Withdrawals are made for purchased by the inmates. Remaining balances to the credit of a prisoner are refunded upon release or transfer to another prison.

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
FIDUCIARY FUND TYPES - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN BALANCES
DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Sheriff's Fund</u>	<u>Inmate Trust Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<u>BALANCES AT BEGINNING OF YEAR</u>	\$1,083,084	\$ 64,933	\$ 58,353	\$1,206,370
<u>ADDITIONS</u>				
Deposits:				
Bonds	41,977	0	0	41,977
Fines and Costs	392,702	0	0	392,702
Advance Deposits (Suits)	1,253,587	0	0	1,253,587
Taxes, Fees, Etc., Paid to				
Tax Collector	0	0	18,441,221	18,441,221
Interest Earned	58	0	16,278	16,336
Inmate Deposits	<u>0</u>	<u>663,246</u>	<u>0</u>	<u>663,246</u>
<u>TOTAL ADDITIONS</u>	<u>1,688,324</u>	<u>663,246</u>	<u>18,457,499</u>	<u>20,809,069</u>
<u>TOTAL AVAILABLE</u>	<u>2,771,408</u>	<u>728,179</u>	<u>18,515,852</u>	<u>22,015,439</u>
<u>REDUCTIONS</u>				
Taxes, Fees, Etc., Distributed to Taxing Bodies and others	0	0	18,445,438	18,445,438
Deposits Settled to:				
Sheriff's General Fund	900,724	438,633	0	1,339,357
Police Jury	15,562	0	0	15,562
District Attorney	61,023	0	0	61,023
Clerk of Court	30,437	0	0	30,437
Indigent Defender Board	76,762	0	0	76,762
Attorneys, Appraisers, Etc.	236,990	0	0	236,990
Other Settlements	323,364	0	0	323,364
Withdrawals by/for Inmates	<u>0</u>	<u>224,209</u>	<u>0</u>	<u>224,209</u>
<u>TOTAL REDUCTIONS</u>	<u>1,644,862</u>	<u>662,842</u>	<u>18,445,438</u>	<u>20,753,142</u>
<u>BALANCES AT END OF YEAR</u>	<u>\$1,126,546</u>	<u>\$65,337</u>	<u>\$ 70,414</u>	<u>\$1,262,297</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	<u>Vernon Communication District</u>	<u>Inmate Commissary Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$12,199</u>	<u>\$33,292</u>	<u>\$45,491</u>
<u>TOTAL ASSETS</u>	<u>\$12,199</u>	<u>\$33,292</u>	<u>\$45,491</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>TOTAL LIABILITIES</u>	0	0	0
Fund Balances:			
Assigned	<u>12,199</u>	<u>33,292</u>	<u>45,491</u>
<u>TOTAL FUND BALANCES</u>	<u>12,199</u>	<u>33,292</u>	<u>45,491</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$12,199</u>	<u>\$33,292</u>	<u>\$45,491</u>

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Vernon Communication District</u>	<u>Inmate Commissary Funds</u>	<u>Total</u>
<u>REVENUES</u>			
Fees, Charges & Services	\$686,063	\$ 0	\$686,063
Other	<u>10,259</u>	<u>213,575</u>	<u>223,834</u>
<u>TOTAL REVENUES</u>	696,322	213,575	909,897
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services & Related Benefits	575,010	0	575,010
Operating Services	134,962	0	134,962
Travel and Other Charges	<u>0</u>	<u>213,201</u>	<u>213,201</u>
<u>TOTAL EXPENDITURES</u>	<u>709,972</u>	<u>213,201</u>	<u>923,173</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	(13,650)	374	(13,276)
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>25,849</u>	<u>32,918</u>	<u>58,767</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 12,199</u>	<u>\$ 33,292</u>	<u>\$ 45,491</u>

STATE OF LOUISIANA, PARISH OF VERNON

AFFIDAVIT

JOHN S. CRAFT (Sheriff's Name), Sheriff of VERNON (Parish)

BEFORE ME, the undersigned authority, personally came and appeared, JOHN S. CRAFT (Name), the sheriff of VERNON Parish, State of Louisiana, who after being duly sworn, deposed and said:

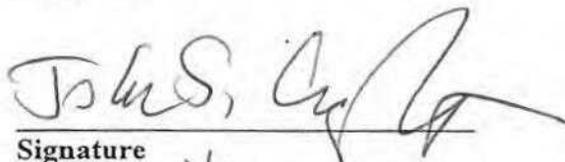
The following information is true and correct:

\$ 70,414 is the amount of cash on hand in the tax collector account on 6-30-2017 (Date);

He further deposed and said:

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

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


Signature
Sheriff of Vernon
(Parish)

SWORN to and subscribed before me, Notary, this 21st day of September 2017, in my office in the Leesville, Louisiana.
(City/Town)


(Signature)
CHERYL L. BORDERS (Print), # 53399
Notary Public
(Commission)

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2017

Agency Head Name/ Title: Sam Craft, Sheriff

Purpose:

Salary	\$159,540
Benefits - Insurance	11,160
Benefits - Retirement	0
Car Allowance	0
Vehicle Provided by Government	0
Deferred Compensation	0
Other (vision)	0
Benefits - Other (GTL)	0
Continuing Professional Education	0
Per Diem	269
Reimbursements	0
Travel	0
Registration Fees	385
Conference Travel	261
	<u>\$171,615</u>

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

MARCUS, ROBINSON, and HASSELL

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

To the Honorable John S. Craft
Vernon Parish Sheriff
Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Vernon Parish Sheriff's basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vernon 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 Vernon Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Vernon 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 Vernon Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of management of the Vernon Parish Sheriff and the Legislative Auditor of Louisiana and is not intended to be, and should not be used by anyone other than the specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
December 18, 2017

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish Sheriff, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 18, 2017. 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. Our audit of the financial statements as of June 30, 2017 resulted in an unmodified opinion.

Section I - Summary of Auditor's Results

- Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Compliance

Compliance Material to Financial Statements yes no

- Federal Awards -N/A

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Type of Opinion on Compliance Unmodified Modified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

- Identification of Major Programs: N/A

CFDA Number(s) Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? yes No N/A

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs - N/A

VERNON PARISH SHERIFF
LEESVILLE, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section

Section II - Internal Control and Compliance Material to Federal Awards

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

VERNON PARISH SHERIFF
Leesville, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon procedures

Year Ended June 30, 2017

MARCUS, ROBINSON, and HASSELL

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable John S. Craft
Vernon Parish Sheriff and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Vernon Parish Sheriff and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) area identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

There were no exceptions noted as a result of applying this procedure.

- 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 public bid law; and (5) documentation required to be maintained for all bids and price quotes.

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- d) **Receipts**, including receiving, recording, and preparing deposits.

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in

accordance with the board's enabling legislation, charter, or other equivalent document.

The Vernon Parish Sheriff is not required to meet and maintain minutes each month. We did note that periodic meetings between the Sheriff, Chief Deputy, and Accounting Deputy took place to review budget-to-actual comparisons.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

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

The Vernon Parish Sheriff is not required to meet and maintain minutes each month. We did note that periodic meetings between the Sheriff, Chief Deputy, and Accounting Deputy took place to review budget-to-actual comparisons.

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

The Vernon Parish Sheriff is not required to meet and maintain minutes each month. We did note that periodic meetings between the Sheriff, Chief Deputy, and Accounting Deputy took place to review budget-to-actual comparisons.

Bank Reconciliations

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

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

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

- a) Bank reconciliations have been prepared;

Bank statements and reconciliation for all months in the fiscal period were obtained for selected accounts noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or board member (with no

involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank reconciliations did not include evidence that a member of management has reviewed each bank reconciliation.

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

Reconciling items outstanding for more than 6 months has not been researched.

Management's Response

Future bank reconciliations will have evidence of management's review and items outstanding for more than 6 months will be researched.

Collections

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

A listing of cash collection locations and management's representation that the listing is complete was obtained.

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

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

Each employee collecting cash is bonded. Employees collecting cash are not responsible for depositing the cash in the bank, recording the related transactions or reconciling the related bank account with two exceptions. One employee collects cash for the general fund and also deposits the cash and reconciles the bank statement. The Accounting Deputy who is responsible for recording the related transactions and reconciling the banks also collects cash on occasion. This only happens if the staff is short handed due to someone being absent. Employees who collect cash are not permitted to share the same collection location with another employee unless the Accounting Deputy is needed to collect cash.

Management's Response

An additional employee has been added to help segregate duties.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report,

reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity has a formal process to reconcile cash collections to the general ledger by revenue source or agency fund by a person who is not responsible for cash collection other than on occasion the Accounting Deputy.

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

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

We selected the week of December 19-23, 2016. The deposits were all documented then traced to financial records and bank statements. All deposits were made within one business day after collection.

◇ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

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

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

In all locations selected, there is a process defined to determine the completeness of collections by a person who is not responsible for collections, other than the Accounting Deputy on occasions.

Management's Response

An additional employee has been added to help segregate duties.

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

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

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

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

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry found that unused checks are maintained in a locked location with access restrictions. Check signers do not have access to the unused checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not Applicable

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

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

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

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

10 cards were randomly selected from the list obtained in Step 14.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

The monthly statement was reviewed by the Accounting Deputy in the normal accounts payable review process. However, the approval was not documented and signed off.

Management's Response

The monthly credit card review will be evidenced by signatures in the future.

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

Three of the ten cards selected had finance charges totaling \$63.51.

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

- a) For each transaction, report whether the transaction is supported by:
- ◇ An original itemized receipt (i.e., identifies precisely what was purchased)
 - ◇ Documentation of the business/public purchase. For meal charges, there should also be documentation of the individuals participating.
 - ◇ Other documentation that may be required by written policy (e.g., purchase order, written authorization).

All transactions were supported by itemized receipts and the business purpose with one exception. There were no meal charges.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Other than the one transaction reported in 16a all transactions detail was compared to the entity's written purchasing/disbursement policies. There were no transactions tested that would have been subject to Louisiana Public Bid Law.

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

No exceptions noted.

Travel and Expense Reimbursement

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

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

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

The written policies adhere to the 2016-2017 Louisiana Sheriffs' Association state travel regulations.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid

expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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

No exceptions noted.

- b) Report whether each expense is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

The travel expense reimbursements did not have written approval by someone other than the person receiving reimbursement.

Management Response

The travel expense reimbursements will have written approval by management in the future.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general

ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a list of all contracts during the fiscal period and management's representation that the list is complete.

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

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

The IT services has a written proposal but no written contract. A building lease agreement has expired.

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

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

Contracts selected for testing were not subject to the Louisiana Public Bid Law or Procurement Code.

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

The entity verbally solicited quotes for contracts, but has no written documentation.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The invoices selected and related payments all complied with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All contracts were approved by management.

Payroll and Personnel

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

A listing of employees with their related salaries and management's representation that the listing is complete was obtained. Five employees were randomly selected and their personnel files were obtained.

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

There were no exceptions noted.

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

There were no exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity has less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

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

termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no exceptions noted.

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

All payroll tax deposits and forms were paid and filed in a timely manner.

Seven required retirement contributions were delinquent, however, all were paid up current by July 12, 2017.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

Inquiry found no alleged ethics violations reported to the entity during the fiscal period.

Debt Service (excluding nonprofits)

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

State Bond Commission approval was obtained.

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

All scheduled debt service payments were made and no debt reserves were required to be maintained.

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

Not Applicable

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

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

The entity does have the required notices posted on its premises and website.

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

No exceptions 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.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell, CPAs
Monroe, Louisiana
December 18, 2017