

**Washington Parish Sheriff's Office
Franklinton, Louisiana**

ANNUAL FINANCIAL REPORT

June 30, 2017



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Washington Parish Sheriff's Office
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June 30, 2017

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Report



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INDEPENDENT AUDITORS' REPORT

Honorable Randy Seal, Sheriff
Washington Parish Sheriff's Office
Franklinton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington Parish Sheriff (the "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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Sheriff'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 Sheriff'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 financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington 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 budgetary comparison information, the schedule of funding progress – other post-retirement benefits, schedule of proportionate share of net pension liability for Sheriffs' Pension and Relief Fund, and schedule of employer contributions to Sheriff's Pension and Relief Fund on pages 39 through 41 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 opinions or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying affidavit and schedule of compensation, benefits, and other payments to agency head are presented as mandated by the Louisiana state laws and are not a required part of the financial statements.

The accompanying affidavit, schedule of compensation, benefits, and other payments to agency head, and fiduciary funds combining statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 accompanying affidavit, schedule of compensation, benefits, and other payments to agency head, and fiduciary funds combining statement of changes in assets and liabilities are fairly stated in all material respects in relation to the 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 28, 2017, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

December 28, 2017



Financial Statements

Washington Parish Sheriff's Office
Statement of Net Position

June 30,

2017

		Governmental Activities
Assets and Deferred Outflows of Resources		
Assets		
Cash and cash equivalents	\$	729,201
Receivables		299,552
Prepaid and other		29,899
Capital assets, net of depreciation		226,464
Total Assets		1,285,116
Deferred Outflows of Resources		
Pension deferrals		1,458,271
Total Deferred Outflows of Resources		1,458,271
Total Assets and Deferred Outflows of Resources	\$	2,743,387
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Accounts payable	\$	169,275
Salaries and benefits payable		39,919
Accrued liabilities		199,603
Non-current liabilities:		
Due within one year		82,625
Due in more than one year		3,508,486
Total Liabilities		3,999,908
Deferred Inflows of Resources		
Pension deferrals		777,384
Total Deferred Inflows of Resources		777,384
Net position		
Net investment in capital assets		226,464
Restricted for program services		16,272
Unrestricted deficit		(2,276,641)
Total Net Position		(2,033,905)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	2,743,387

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office Statement of Activities

For the year ended June 30,

2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	
Primary government:					
Governmental activities:					
Public Safety	\$ 5,896,607	\$ 1,535,206	\$ 50,817	\$	(4,310,584)
Depreciation	46,066	-	-	\$	(46,066)
Interest expense	8,451	-	-	\$	(8,451)
Total governmental activities	\$ 5,951,124	\$ 1,535,206	\$ 50,817	\$	(4,365,101)
General revenues:					
Taxes:					
Sales and use taxes, levied for special purposes					2,482,080
Property taxes, levied for general purposes					2,023,343
State revenue sharing					131,109
Other income					400,266
Loss on disposal of assets					(26,413)
Interest					8
Total general revenues					5,010,393
Change in net position					645,292
Net position, June 30, 2016					(2,679,197)
Net position, June 30, 2017				\$	(2,033,905)

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office
Governmental Funds - Balance Sheet

June 30,

2017

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 712,771	\$ 16,430	\$ 729,201
Receivables	299,552	-	299,552
Prepaid and other	29,899	-	29,899
Total Assets	\$ 1,042,222	\$ 16,430	\$ 1,058,652
Liabilities			
Accounts payable	\$ 169,117	\$ 158	\$ 169,275
Salaries and benefits payable	39,919	-	39,919
Certificate of indebtedness	0	-	-
Accrued liabilities	199,603	-	199,603
Total Liabilities	408,639	158	408,797
Fund Balance			
Nonspendable	29,899	-	29,899
Restricted for program services	-	16,272	16,272
Unassigned	603,684	-	603,684
Total Fund Balance	633,583	16,272	649,855
Total Liabilities, and Fund Balance	\$ 1,042,222	\$ 16,430	\$ 1,058,652

The notes to the basic financial statements are an integral part of this statement.



**Washington Parish Sheriff's Office
Governmental Funds - Balance Sheet**

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

<i>June 30,</i>	<i>2017</i>
Total Fund Balance at June 30, 2017 Governmental Funds	\$ 649,855
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements:	
Cost of capital assets at June 30, 2017	\$ 1,832,066
Less accumulated depreciation as of June 30, 2017	<u>(1,605,602)</u> 226,464
Contributions to the pension plan in the current fiscal year and other pension related deferrals are deferred outflows of resources on the Statement of Net Position	1,458,271
Pension related deferrals are deferred inflows of resources on the Statement of Net Position	(777,384)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements:	
Compensated absences	(92,491)
Net pension liability	(2,533,217)
Other post employment benefits	<u>(965,403)</u> (3,591,111)
Net position - June 30, 2017	\$ (2,033,905)

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office
Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the year ended June 30,

2017

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues			
Sales and use taxes	\$ 2,482,080	\$ -	\$ 2,482,080
Ad valorem taxes	2,023,343	-	2,023,343
Intergovernmental revenues			
State supplemental pay	234,187	-	234,187
State revenue sharing	131,109	-	131,109
Grant revenue	50,817	-	50,817
Fees, charges, and commissions for services			
Feeding and keeping of prisoners	857,970	-	857,970
Commissions	503,928	-	503,928
Civil and criminal fees	143,896	29,412	173,308
Other revenues	161,797	-	161,797
Interest earnings	8	-	8
Total Revenues	6,589,135	29,412	6,618,547
Expenditures			
Public safety			
Personnel services	4,549,885	17,685	4,567,570
Materials and supplies	828,505	262	828,767
Feeding and keeping of prisoners	332,256	-	332,256
Contractual services	218,724	-	218,724
Grant expenses	16,471	-	16,471
Continuing education	136	-	136
Other	21,329	-	21,329
Debt service			
Interest	8,451	-	8,451
Capital outlays	72,738	-	72,738
Total Expenditures	6,048,495	17,947	6,066,442
Other Financing Sources			
Proceeds from insurance	4,282	-	4,282
Total other financing sources	4,282	-	4,282
Net Change in Fund Balance	544,922	11,465	556,387
Fund Balance - Beginning of year	88,661	4,807	93,468
Fund Balance - End of year	\$ 633,583	\$ 16,272	\$ 649,855

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities

<i>For the year ended June 30,</i>	<i>2017</i>
Total net change in fund balance - governmental fund	\$ 556,387
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	
Capital outlay additions	\$ 72,738
Depreciation expense	(46,066)
	26,672
In the Statement of Activities, the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.	(26,413)
Change in deferred outflows of resources - pension deferrals	828,716
Change in deferred inflows of resources - pension deferrals	209,123
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in compensated absences	(8,248)
Pension expense	(793,983)
Other post employment benefit cost	(146,962)
	(949,193)
Change in net position - governmental activities	\$ 645,292

The notes to the basic financial statements are an integral part of this statement.

Washington Parish Sheriff's Office
Statement of Fiduciary Assets and Liabilities

For the year ended June 30,

2017

	Agency Funds
Assets	
Cash and cash equivalents	1,176,699
Due from taxing bodies	2,337,442
<hr/>	
TOTAL ASSETS	\$ 3,514,141
<hr/>	
Liabilities	
Due to taxing bodies	3,514,141
<hr/>	
TOTAL LIABILITIES	\$ 3,514,141
<hr/>	

The notes to the basic financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The accounting and reporting policies of the Sheriff conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit and accounting guide, State and Local Governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. As an independently elected Parish official, the Sheriff is solely responsible for the operations of his office, which includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the Parish Council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, and other independently elected parish officials are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

The Statement of Activities presents a comparison between program revenues of the Sheriff and the cost of the function. Program revenues are derived directly from Sheriff users as a fee for services. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. Indirect expenses are allocated proportionately among the various functions. Internal activity is eliminated.

Fund Financial Statements

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

The only funds of the Sheriff (besides fiduciary funds) are classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Sheriff or meets the following criteria:

- a. Total assets, deferred outflow of resources, liabilities, deferred inflow of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflow of resources, liabilities, deferred inflow of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The following fund is considered to be a major governmental fund:

General Fund - The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for and reports all operations of the Sheriff's office not accounted for and reported in another fund. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include one half (1/2) cent sales tax, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following fund is considered to be a non-major governmental fund:

The Drug Task Force Fund is used as to account for and report the operations of the Washington Parish Drug Task Force, which was created to combat drug problems in Washington Parish.

The following funds are fiduciary funds:

Agency Funds

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non exchange Transactions."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash, interest-bearing deposits, and investments

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

Interfund receivables and payables

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

Receivables

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

Capital Assets

The accounting treatment for capital assets depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Interest costs are not capitalized as they relate to capital assets. The Sheriff's threshold for capitalization is \$2,500.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Vehicles	5 Years
Buildings	40 Years
Building Improvements	10 Years
Furniture, Fixtures and Equipment	5 Years
Other Capital Assets	5 Years

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

Compensated Absences

Annual leave accumulates at varying rates with exceptions; is paid upon termination; and accrues as follows (assuming an 80 hour pay period):

Years of Service	Annual Leave Earned (Hours per Pay Period)
Less than 3	3.69
3 – 5	4.61
5 - 10	5.54
10 – 15	6.46
More than 15	7.39

Sick leave accumulates at varying rates, with exceptions, and is carried forward from fiscal year to fiscal year, with no defined limit of hours that can be carried forward; is not paid upon termination; and accrues at the same rate as noted above for annual leave.

At June 30, 2017, the Sheriff has accumulated and vested \$92,491 in vacation leave privileges required to be accrued in accordance with GASB Statement 16.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Sheriff has one item that meets this criterion, pension – related deferrals. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Sheriff has one item that meets the criterion for this category, pension – related deferrals.

Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the two categories of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Sheriff considers restricted net position to have been spent first.

Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Unassigned - all other spendable amounts.

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

E. Budget and Budgetary Accounting

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

1. The external CPA prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items. Prepaid items that existed at June 30, 2017 were prepaid insurance.

G. Adoption of New Financial Accounting Standards

The following Statement of Governmental Accounting Standards Update (ASU) recently issued and adopted by the GASB impacted the Sheriff's financial statements:

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The standard is effective for the year ended June 30, 2018 and the Sheriff is currently assessing its impact, if any.

In January 2017, the GASB issued Statement No. 84 – Fiduciary Activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The standard is effective for the year ended June 30, 2018 and the Sheriff is currently assessing its impact, if any.

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017 - The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The standard is effective for the year ended June 30, 2018 and the Sheriff is currently assessing its impact, if any.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pensions

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

NOTE 2: CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. At June 30, 2017, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$1,905,901 of which \$1,176,700 is attributable to fiduciary funds, which is not presented in the Statement of Net Position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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.

Deposit balances (bank balances) at June 30, 2017, are secured as follows:

Bank balance	\$	2,204,084
Insured	\$	750,000
Collateral held by pledging bank in Sheriff's name		1,399,623
Total	\$	2,149,623

As of June 30, 2017, the Sheriff's total bank balances were not fully insured and collateralized with the securities held in the name of the Sheriff by the pledging financial institution's agent and, therefore, they were exposed to custodial credit risk.

NOTE 3: AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem taxes. Property taxes for the Sheriff are levied each November on the assessed value listed, as of the prior January for generally all real property, business merchandise, and business movable property located in the Parish. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Washington Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2017, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 10.96 mills.

Total law enforcement ad valorem taxes during 2017 were \$2,023,343. There were no taxes receivable in the General Fund at June 30, 2017.

NOTE 4: SALES AND USE TAXES

On October 3, 1992, the voters of Washington Parish approved (for an indefinite period) a half (1/2) cent sales tax to be effective January 1, 1993. Beginning July 1, 1996, the Sheriff began collecting the tax as the central sales tax collection agency for Washington Parish. The net proceeds of the tax were rededicated by voter approval on November 13, 2005, to the following exclusive uses:

- Sixty (60) percent to the salaries of criminal law enforcement deputies.
- Twenty (20) percent to the support of criminal law enforcement deputies, including the hiring and training of additional criminal law enforcement personnel, consisting of criminal patrol deputies, juvenile officers, and burglary and narcotics detectives.
- Twenty (20) percent to the purchase, maintenance, and support of law enforcement vehicles and equipment.

As of June 30, 2017, sales and use taxes for the Sheriff totaled \$2,482,080.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, were as follows:

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Sales Tax	\$ 233,363	\$ -	\$ 233,363
Grants	3,488	-	3,488
Other	62,701	-	62,701
Total	\$ 299,552	\$ -	\$ 299,552

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities				
Assets Not Being Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Assets Being Depreciated				
Vehicles	452,934	38,038	-	490,972
Buildings and Improvements	198,966	-	-	198,966
Furniture, Fixtures & Equipment	244,330	-	(51,826)	192,504
Other Capital Assets	864,924	34,700	-	899,624
Total Assets	1,811,154	72,738	(51,826)	1,832,066
Less Accumulated Depreciation				
Vehicles	(412,438)	(41,003)	-	(453,441)
Buildings and Improvements	(99,310)	(4,284)	-	(103,594)
Furniture, Fixtures & Equipment	(209,910)	-	25,413	(184,497)
Other Capital Assets	(863,291)	(780)	-	(864,071)
Total Accumulated Depreciation	(1,584,949)	(46,066)	25,413	(1,605,602)
Governmental Activities, Capital Assets, Net	\$ 226,205	\$ 26,672	\$ (26,413)	\$ 226,464

Depreciation expense of \$46,066 was charged to the public safety function.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 7: LONG-TERM DEBT

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

Governmental Activities, net	July 1, 2016	Additions	Reductions	June 30, 2017	Due within one year
Compensated Absences	\$ 84,243	\$ 100,312	\$ 92,064	\$ 92,491	\$ 82,625
Net Pension Liability	1,739,234	793,983	-	2,533,217	-
Net OPEB Obligation	818,441	344,521	197,559	965,403	-
	<u>\$ 2,641,918</u>	<u>\$ 1,238,816</u>	<u>\$ 289,623</u>	<u>\$ 3,591,111</u>	<u>\$ 82,625</u>

NOTE 8: SHORT-TERM DEBT

Short-term debt provides financing for the Sheriff's governmental activities. On June 28, 2013, the Sheriff entered into a revenue anticipation note with a local bank with an issue amount of \$1,500,000. At June 30, 2015, \$1,500,000 was payable on the note which was due on June 30, 2016, with interest at a rate of 1.5%. On May 12, 2016, the note was renewed with a maturity date of June 30, 2017. The note is secured by future revenues of the Sheriff. The note was paid off in its entirety as of June 30, 2017.

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

Short term debt, June 30, 2016	\$ 300,000
Debt assumed	-
Debt retired	(300,000)
Short term debt, June 30, 2017	<u>\$ -</u>

NOTE 9: PENSION PLAN

Plan Description

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

Benefits Provided

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

NOTE 9: PENSION PLAN (CONTINUED)

Retirement

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

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

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

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

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

NOTE 9: PENSION PLAN (CONTINUED)

Disability Benefits

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

Survivor's Benefits

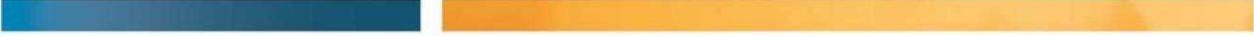
Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under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

Deferred Benefits

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

Back Deferred Retirement Option Plan (Back-DROP)

In lieu of receiving a service retirement allowance, any member of the Plan who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the



Washington Parish Sheriff's Office Notes to Financial Statements

service accrued between the time a member first becomes eligible for retirement and their actual date of retirement.

NOTE 9: PENSION PLAN (CONTINUED)

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

Contribution Refunds

Upon withdrawal from service, members are not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

Cost-of-Living Adjustments

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

Contributions

According to State statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017, the actual employer contribution rate was 13.75%. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 9.54%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

In accordance with State statute, the Plan receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2017. Contributions to the pension plan from the Sheriff were \$412,092 for the year ended June 30, 2017.

NOTE 9: PENSION PLAN (CONTINUED)

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 \$2,533,217 for its proportionate share of the Net Pension Liability. 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 0.39913%, which was an increase of 0.00895% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$322,559 plus the Sheriff's amortization of the difference between employer contributions and the proportionate share of contributions of \$725.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 265,706
Net difference between projected and actual earnings on pension plan investments	634,445	-
Change in assumptions	206,956	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	204,778	511,678
Employer contributions subsequent to the measurement date	412,092	-
Total	\$ 1,458,271	\$ 777,384

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: PENSION PLAN (CONTINUED)

Deferred outflows of resources of \$412,092 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2018	\$ 4,780
2019	4,781
2020	189,582
2021	59,690
2022	4,980
2023	4,982

Actuarial Assumptions

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

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal cost
Inflation	2.875% per annum
Projected salary increases	5.5% (2.875% Inflation, 2.625% Merit)
Investment rate of return	7.6% net of investment expense
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Set Distinct Table for active members, healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table.
Expected remaining service lives	7 years
Cost of Living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Plan and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: PENSION PLAN (CONTINUED)

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

The rate 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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity Securities	60%	3.9%
Bonds	25	0.5
Alternative Investments	15	0.6
Totals	100%	5.0%

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 Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Sheriff's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the Sheriff's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Sheriff's proportionate share of the net pension liability	\$ 4,297,861	\$ 2,533,217	\$ 1,076,713

NOTE 9: PENSION PLAN (CONTINUED)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Sheriff recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

During the year ended June 30, 2017, the Sheriff recognized revenue as a result of support received from non-employer contributing entities of \$155,048 for its participation in the Sheriff's Pension and Relief Fund.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Sheriffs' Pension and Relief Fund Audit Report at www.la.gov. The Sheriffs' Pension and Relief Fund issues a publicly available audit report that includes financial statements and required supplementary information.

Payables to the Pension Plan

Payables to the Pension Plan for contractually required contributions were \$54,755 as of June 30, 2017.

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

The Sheriff's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service. See the section below entitled "Post employment Benefit Plan Eligibility Requirements" for the assumption as to time of actual retirement.

Life insurance coverage is provided to retirees and the blended rate (active and retired) is \$0.58 per \$1,000 of insurance. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at the earlier of retirement or age 70. The employer pays 100% of the cost of the retiree life insurance. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. 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.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Life insurance coverage is provided to retirees and the blended rate (active and retired) is \$0.58 per \$1,000 of insurance. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at the earlier of retirement or age 70. The employer pays 100% of the cost of the retiree life insurance. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates

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

Fund Policy

Until 2009, the Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the 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, the Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$150,228 and \$134,051, respectively.

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

Annual Required Contribution

The 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:

	2017	2016
Normal cost	\$ 105,789	\$ 85,146
30-year UAL amortization amount	205,993	172,860
Annual required contribution (ARC)	\$ 311,782	\$ 258,006

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Net Post-employment Benefit Obligation (Asset)

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

	2017	2016
Beginning Net OPEB Obligation	\$ 818,441	\$ 707,093
Annual required contribution	311,782	258,006
Interest on Net OPEB obligation	32,738	28,284
ARC Adjustment	(47,331)	(40,891)
OPEB Cost	297,189	245,399
Current year retiree premium	(150,228)	(134,051)
Change in Net OPEB Obligation	146,961	111,348
Ending Net OPEB Obligation	\$ 965,403	\$ 818,441

The following table shows the Sheriff's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2017	\$ 297,189	50.55%	\$ 965,403
June 30, 2016	\$ 245,399	52.26%	\$ 707,093

Funded Status and Funding Progress

In 2017 and 2016, the Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$3,704,540 which is defined as that portion, as determined by a particular actuarial cost method (the 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.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

	2017		2016
Actuarial Accrued Liability (AAL)	\$ 3,704,540	\$	3,108,671
Actuarial Value of Plan Assets (AVP)	-		-
Unfunded Act. Accrued Liability (UAAL)	\$ 3,704,540	\$	3,108,671
Funded Ratio (AVP/AAL)	0.00%		0.00%
Covered Payroll (active plan members)	\$ 3,110,070	\$	2,429,310
UAAL as a percentage of covered payroll	119.11%		127.97%

Actuarial Methods and Assumptions

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the 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.

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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 10%. In addition to the age-specific turnover, an additional turnover of 50% has been applied to employees with less than three years of service.

Post employment Benefit Plan Eligibility Requirements

Historically, most employees have not retired until 25 to 30 years of service. We have therefore assumed that employees retire three years after the earliest of the following: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate)

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

Health Care Cost Trend Rate

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

Mortality Rate

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

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 10: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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

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 years.

	OPEB Costs and Contributions		
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 237,497	\$ 245,399	\$ 297,189
Contribution	-	-	-
Retiree premium	124,121	134,051	150,228
Total contribution and premium	124,121	134,051	150,228
Change in net OPEB obligation	\$ 113,376	\$ 111,348	\$ 146,961
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	52.26%	54.63%	50.55%

NOTE 11: RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To handle such risks of loss, the Sheriff maintains commercial insurance coverage, automobile liability, medical payments, uninsured motorists, and surety bond coverage. The Sheriff participates in the Louisiana Sheriffs' Law Enforcement Program to provide excess liability insurance and law enforcement professional liability insurance. No claims were paid in the last three years that exceeded the policies' coverage amounts. There have been no significant reductions in the insurance coverage during the year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Sheriff.

NOTE 12: LITIGATION AND CLAIMS

From time to time, the Sheriff is involved in litigation arising from normal day to day operations. In the opinion of the Sheriff's legal counsels, the resolution of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

NOTE 13: TAXES PAID UNDER PROTEST

Taxes paid under protest, plus interest earned to date on the investment of these funds, totaled \$261,363, at June 30, 2017.

NOTE 14: JOINT VENTURE

The Sheriff, together with the City of Bogalusa Police Department, comprises the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by seizures awarded by the judicial system.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 15: EX-OFFICIO TAX COLLECTOR

At June 30, 2017, the Ad Valorem Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$408,586. The Tax Collector Fund had collected ad-valorem taxes and had ad-valorem taxes uncollected for the year ended June 30, 2017, by taxing body, as follows:

Taxing Body	Ad Valorem Tax Levy	Ad Valorem Tax Uncollected
Bogalusa School Board	\$ 5,135,193	\$ 4,109
Parish Government	4,619,808	4,704
Parish School Board	3,224,749	3,926
Washington Parish Sheriff's Office	1,966,158	2,023
Hospital Service District	1,448,746	1,728
Assessor	961,541	989
Fire District No. 7	611,442	8
Council on Aging	500,531	515
Florida Parish Juvenile Ctr.	493,391	508
Bonner Creek Fire District No. 1	215,463	131
Varnado Fire District No. 6	228,071	-
Pine Fire District No. 4	151,503	937
Spring Hill Fire District No. 8	123,730	-
Richardson Fire District No. 2	111,599	45
Hayes Creek Fire District No. 3	84,740	38
Fire District No. 9	82,407	-
Angie Fire District No. 5	112,787	348
Forestry	20,628	-
Louisiana Tax Commission	19,438	-
Total	\$ 20,111,925	\$ 20,009

The majority of uncollected taxes consist of bankruptcy, adjudications, moveable, and immovable property.

Washington Parish Sheriff's Office Notes to Financial Statements

NOTE 15: EX-OFFICIO TAX COLLECTOR (CONTINUED)

At June 30, 2017, the Sales Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$67,556. The total sales tax collections on behalf of other taxing authorities for the year ended June 30, 2017, was as follows:

Total Collection Taxing Authority	Collections	Cost	Distributed
City of Bogalusa	\$ 6,517,780	\$ 99,790	\$ 6,417,990
Parish Government	4,495,895	68,834	4,427,061
Parish School Board	3,678,211	56,315	3,621,896
Law Enforcement District	2,047,536	-	2,047,536
Bogalusa School Board	2,216,723	33,939	2,182,784
Town of Franklinton	2,259,682	34,597	2,225,086
Village of Angie	86,646	1,327	85,319
Village of Varnado	36,601	560	36,041
Total	\$ 21,339,074	\$ 295,362	\$ 21,043,712

NOTE 16: TAX ABATEMENTS

The Sheriff is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"). A State entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the local governments may be subject to include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP").

Under the ITEP, as authorized by Article 7, Section 21 (F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

As of June 30, 2017, three local industrial companies are currently under the Industrial Tax Exemption Program. The typical term of these agreements are for ten years and provided property tax abatement during the fiscal year of 2017 in the amount of \$486,543.

NOTE 17: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 28, 2017, the date the financial statements are available to be issued and no material subsequent events were noted for disclosure.



**Required Supplementary
Information**

Washington Parish Sheriff's Office
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual
General Fund

For the year ended June 30,

2017

	Original Budget	Revised Budget	Actual	Variance from Revised Budget
REVENUES:				
Ad valorem tax	\$ 2,240,000	\$ 2,072,677	\$ 2,023,343	\$ (49,334)
State revenue sharing	125,922	131,109	131,109	-
Sales tax income	1,874,500	1,987,606	2,064,993	77,387
Vehicle sales tax income	223,008	422,206	417,087	(5,119)
Commissions	660,000	486,574	503,928	17,354
Fines and licenses	9,900	14,143	12,772	(1,371)
Supplemental pay	114,000	269,946	234,187	(35,759)
WPG reimbursements	240,000	390,829	409,324	18,495
DOC reimbursements	258,000	241,540	232,463	(9,077)
Prisoner revenues	102,000	89,518	216,183	126,665
Fee income	153,000	139,505	131,124	(8,381)
Grant income	82,800	86,533	50,817	(35,716)
Miscellaneous Income	33,600	221,700	161,805	(59,895)
	<u>6,116,730</u>	<u>6,553,886</u>	<u>6,589,135</u>	<u>35,249</u>
Expenses				
Salaries	2,862,773	3,171,123	3,396,904	(225,781)
Related benefits	1,116,482	1,259,983	1,152,981	107,002
Professional fees	180,000	257,392	219,788	37,604
Auto expenses and supplies	384,000	231,541	159,227	72,314
Data services	204,000	48,045	67,673	(19,628)
Feeding and maintaining prisoners	360,000	361,732	332,256	29,476
Insurance - non employee	300,000	343,862	290,656	53,206
Lease and rental expenses	58,200	28,458	23,522	4,936
Telephone and utilities	156,000	97,588	104,981	(7,393)
Grant expenses	-	27,667	16,471	11,196
Training	18,000	13,050	12,187	863
Interest	22,500	5,139	8,451	(3,312)
Other	180,000	168,690	190,660	(21,970)
Capital expenditures	60,000	14,000	72,738	(58,738)
Total Expenditures	<u>5,901,955</u>	<u>6,028,270</u>	<u>6,048,495</u>	<u>(20,225)</u>
Excess (deficiency) of revenues over expenditures	<u>214,775</u>	<u>525,616</u>	<u>540,640</u>	<u>15,024</u>
Other financing sources				
Proceeds from insurance	-	-	4,282	(4,282)
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,282</u>	<u>(4,282)</u>
NET CHANGE IN FUND BALANCES	214,775	525,616	544,922	10,742
FUND BALANCES—Beginning of year	88,661	88,661	88,661	-
FUND BALANCES—End of year	<u>\$ 303,436</u>	<u>\$ 614,277</u>	<u>\$ 633,583</u>	<u>\$ 19,306</u>

Washington Parish Sheriff's Office
Schedule of Funding Progress - Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2015	-	\$ 2,989,107	\$ 2,989,107	0%	\$ 1,519,299	197%
July 1, 2016	-	3,108,671	3,108,671	0%	2,429,310	128%
July 1, 2017	-	3,704,540	3,704,540	0%	3,110,070	119%



**Other Supplementary
Information**

Washington Parish Sheriff's Office
Schedule of Proportionate Share of Net Pension Liability
For Sheriff's Pension and Relief Fund

<i>For the years ended June 30,</i>	2017	2016	2015
Washington Parish Sheriff Office's proportion of the net pension liability (%)	0.40%	0.39%	0.51%
Washington Parish Sheriff Office's proportion of the net pension liability (\$)	\$ 2,533,217	\$ 1,739,234	\$ 2,008,352
Washington Parish Sheriff Office's covered-employee payroll	\$ 2,429,310	\$ 1,519,299	\$ 2,058,903
Washington Parish Sheriff Office's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.28%	114.48%	97.54%
Plan fiduciary net position as a percentage of the total pension liability	82.10%	86.61%	87.34%

* The amounts presented for each fiscal year were determined as of the measurement date (prior fiscal year end).

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of Assumptions

There were no changes of benefit terms for the year ended June 30, 2016.

Changes of Assumptions

For the actuarial valuation for the year ended June 30, 2015, the discount rate was reduced from 7.6% to 7.5%, the salary increase assumption was reduced from 6% to 5.5%, and the inflation assumption was reduced from 3% to 2.875%. The remaining service life of employees for the year ended June 30, 2017 was increased from 6 years to 7 years.

**Washington Parish Sheriff's Office
Schedule of Employer Contributions
to Sheriff's Pension and Relief Fund**

For the years ended June 30	2017		2016		2015		2014	
Contractually required contribution	\$	412,092	\$	326,463	\$	368,430	\$	499,284
Contributions in relation to the contractually required contribution		412,092		326,463		368,430		499,284
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-
Covered-employee payroll	\$	3,110,070	\$	2,429,310	\$	1,519,299	\$	2,058,903
Contributions as a percentage of covered-employee payroll		13.25%		13.44%		24.25%		24.25%

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

STATE OF LOUISIANA, PARISH OF WASHINGTON

AFFIDAVIT

Randy Seal, Sheriff of Washington Parish

BEFORE ME, THE UNDERSIGNED AUTHORITY, PERSONALLY CAME AND APPEARED, **Randy Seal**, the Sheriff of Washington Parish, State of Louisiana, who after being duly sworn, deposed and said:

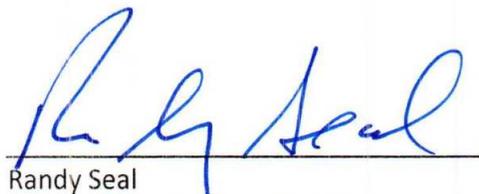
The following information is true and correct:

\$273,303.40 is the amount of cash on hand in the Ad Valorem Tax Collector Fund on June 30, 2017,

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2017, by the taxing authority, are true and correct.

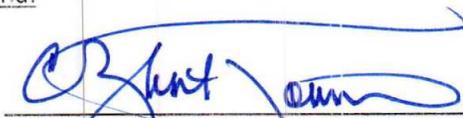
All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.



Randy Seal
Sheriff of Washington Parish

SWORN to and subscribed before, Notary, this 29th day of December, 2017, in my office in Washington Parish, Louisiana.





(Signature)
Brent Jones (Print) #: 147068

Commission Expires: 7/1/18

Washington Parish Sheriff's Office
Schedule of Compensation, Benefits, and Other Payments
to Agency Head

For the year ended June 30,

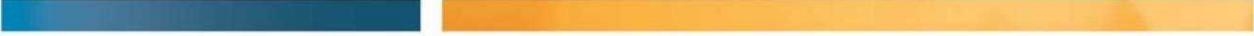
2017

Agency Head Name: Sheriff Randy Seal

Purpose	Amount
Salary	\$ 165,413
Benefits-insurance	9,402
Benefits-retirement	21,947
Benefits-medicare	2,398
Benefits-worker's compensation	-
Benefits-unemployment	296
Cell phone	-
Uniforms	-
Per diem	-
Reimbursements-advertising	-
Travel	-
Fuel usage	2,637
Conference travel (Including Hotel Stays)	565
Continuing professional education fees	335
Housing	-
Unvouchered expenses	-
Meals	55



**Combining and Individual Fiduciary
Fund Financial Statements and
Schedules**



Washington Parish Sheriff's Office Fiduciary Funds- Descriptions of Funds

Agency Funds

All of these funds are reflected in the totals of the agency funds presented in the Statement of Fiduciary Assets and Liabilities

Sheriff's Fund

The Sheriff's Agency Fund accounts for funds held in connection with civil suits and Sheriff's sales. It also accounts for the collections of bonds, probation fines, and costs and disbursement of these collections, in accordance with applicable law.

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 Agency Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Sales Tax Collector Fund

The Sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996. This fund accounts for the collection of those taxes and the remittance thereof to the various taxing bodies.

Inmate Fund

The Inmate Agency Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentences.

Other Funds

The other agency funds include the Flower Fund which accounts for receipts from employees and purchases of flowers and the Garnishment Fund which accounts for collection and disbursement of garnishments.

Washington Parish Sheriff's Office

Agency Funds

Combining Statement of Changes in Assets and Liabilities

	Agency Funds					Total
	Sheriff's Fund	Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Other Funds	
Balance at June 30, 2016	\$ 141,612	\$ 796,434	\$ 2,411,743	\$ 151,927	\$ 20,789	\$ 3,522,505
Additions	454,757	22,049,668	26,087,850	244,880	195,736	49,032,891
Deductions	(391,738)	(22,053,107)	(26,126,112)	(269,500)	(173,580)	(49,014,037)
Balance at June 30, 2017	\$ 204,631	\$ 792,995	\$ 2,373,481	\$ 127,307	\$ 42,945	\$ 3,541,359



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

Honorable Randy Seal, Sheriff
Washington Parish Sheriff’s Office
Franklinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff (the “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 and have issued our report thereon dated December 28, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Sheriff’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 and therefore, material weaknesses or significant

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control 2017-003, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-001 and 2017-002.

Sheriff's Response to Findings

Sheriff's response to the findings identified in our audit is described in the accompanying corrective action plan. The Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Cary, Riggs & Ingram, L.L.C.

December 28, 2017

**Washington Parish Sheriff's Office
Schedule of Findings and Responses
For the Year Ended June 30, 2017**

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2017-001 Non-compliance - Collateralization of Deposits

<i>Criteria:</i>	Louisiana Revised Statute (L.R.S) 39.1225 requires banks to collateralize all public deposits in excess of federal depository insurance by a pledge of securities or a letter of credit.
<i>Condition:</i>	A local bank which held a portion of the Sheriff's deposits failed to adequately collateralize uninsured deposits. At June 30, 2017, \$54,461 of deposits at the local bank were susceptible to loss from bank failure due to inadequate collateralization.
<i>Cause:</i>	The Sheriff does not have adequate policies, procedures, and controls in place to monitor collateralization compliance with banks.
<i>Effect:</i>	The Sheriff was not in compliance with L.R.S. 39.1225.

2017-002 Non-compliance with Public Bid Law

<i>Criteria:</i>	Public entities must follow Public Bid Law requirements per Louisiana Revised Statute (L.R.S.) 38.2211.
<i>Condition:</i>	The Sheriff was not in compliance with Louisiana Public Bid Law. During our testing of compliance, we noted that no bids were obtained for expenditures over certain statutory amounts required by the Public Bid Law.
<i>Cause:</i>	The Sheriff does not have adequate policies, procedures, and controls in place to monitor its expenditures in accordance with the public bid law.
<i>Effect:</i>	The Sheriff was not in compliance with the Louisiana Public Bid Law (L.R.S.) 38.2211.

**Washington Parish Sheriff's Office
Schedule of Findings and Responses
For the Year Ended June 30, 2017**

2017-003 Significant Deficiency - Preparation of Financial Statements

Criteria: The Sheriff should have a system of internal accounting controls which ensure its basic financial statements are presented in accordance with generally accepted accounting principles.

Condition: The Sheriff does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements. During our audit, we noted that the accounting personnel of the Sheriff performed incomplete reconciliations of accounts receivable and payable, and as a result, significant adjustments to the financial statements were recorded as part of our audit procedures. We noted that the accounting personnel of the Sheriff did not record all outstanding payables at fiscal year end. We also noted that certain revenues did not have correct period recognition.

Cause: The Sheriff does not have adequate policies and procedures to prepare accurate and complete financial statements in accordance with U.S. generally accepted accounting principles.

Effect: The Sheriff recorded significant adjustments identified in the audit process to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles.

Washington Parish Sheriff's Office
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2016-001 Collateralization of Deposits

Condition Louisiana Revised Statute (L.R.S) 39.1225 requires banks to collateralize all public deposits in excess of federal depository insurance by a pledge of securities or a letter of credit.

Status Unresolved (see Finding 2017-001)

2016-002 Non-compliance with Public Bid Law

Criteria: Public entities must follow Public Bid Law requirements per Louisiana Revised Statute (L.R.S.) 38.2211.

Status Unresolved (see Finding 2017-002)

2016-003 Capital Assets

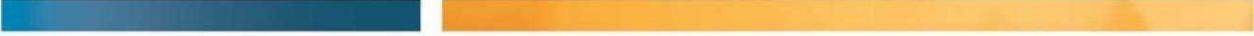
Criteria: The Sheriff should have a system of internal accounting controls which provide for proper accounting for capital assets in accordance with GASB Statement No. 34.

Status Resolved

2016-004 Preparation of Financial Statements

Criteria: The Sheriff should have a system of internal accounting controls which ensure its basic financial statements are presented in accordance with generally accepted accounting principles.

Status Unresolved (See Finding 2017-003)



**Washington Parish Sheriff's Office
Corrective Action Plan
For the Year Ended June 30, 2017**

2017-001 Non-compliance - Collateralization of Deposits

Corrective Action Plan: The Sheriff will develop a written policy to inspect pledged securities at financial institutions monthly. The Sheriff's office will develop a policy for regular communications with its financial institutions and instruct the financial institutions to pledge additional securities or letters of credit to completely collateralized uninsured balances.

2017-002 Non-compliance with Public Bid Law

Corrective Action Plan: The Sheriff will develop a written policy governing all purchases to ensure the Sheriff's office remains in compliance with the Louisiana Public Bid Law.

2017-003 Significant Deficiency - Preparation of Financial Statements

Corrective Action Plan: The Sheriff will develop a written policy to govern its accounting policies and procedures in regard to preparing accurate and complete financial statements. While it is not possible at this time to add additional resources to its accounting and financial reporting functions, this policy will ensure that the Sheriff is making the most cost effective use of its personnel.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Randy Seal
Washington Parish Sheriff's Office
1002 Main St.
Franklinton, Louisiana 70438
and the Louisiana Legislative Auditor

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

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

The procedures and associated results 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:

We obtained the written policies and verified that they addressed the areas as follows:

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

No exceptions were noted.

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

The purchasing policy noted did not address how vendors are added to the list.

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

No exceptions were noted.

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

No receipt policies were noted except for a written policy pertaining to receipt of payment for traffic fines. See below for management's response.

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

No payroll/personnel policy was noted. See below for management's response.

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

No contracting policy was noted. See below for management's response.

- 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.

No credit card policy was noted. See below for management's response.

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

The travel and expense reimbursement policy did not address dollar thresholds by category of expense. See below for management's response.

- 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.

No exceptions noted.

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

No debt service policy was noted. See below for management's response.

Management's Response: The Sheriff's Office will develop written policies to govern controls over all necessary policies. This management response applies to all policy-related results above.

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.

Not applicable. The Sheriff's Office does not have a managing board.

- 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).

- 1) 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.

Not applicable.

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

Not applicable.

Bank Reconciliations

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

We obtained a listing of the bank accounts from management and obtained a representation from management that the 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 practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

We selected all of the Sheriff's Office's bank accounts. For each bank account we verified the following:

- a) Bank reconciliations have been prepared;

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There was no evidence noted that a member of management had reviewed the bank reconciliations selected in Step 4.

- 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.

There was no evidence that a member of management had researched outstanding reconciling items that were noted.

Management's Response: The Sheriff's Office's management has represented that it will develop a formal written policy to govern cash reconciliations. This policy will detail those responsible for the monthly reconciliations, as well as assign someone in management to review and sign off on the reconciliations on a monthly basis.

Collections

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

We obtained the listing of the collection locations and a representation from management that the listing was complete.

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

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

We obtained written documentation and determined that each person collecting cash is (1) bonded, (2) not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

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.

We verified that the Sheriff's Office has a formal process and written documentation to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

1) Using Sheriff's Office's 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.

During our review of collections, we noted receipts in the Inmate Fund Machine were not deposited within one day of collection ranging from sixteen (16) to twenty (21) days.

Management's Response: The Sheriff's Office will develop a formal written policy to govern receipts and deposits. This policy will detail an effort to deposit in the bank receipts on a timely basis.

- 2) 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.

Daily deposits were completely supported by documentation. No exceptions were noted.

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.

No exceptions were noted.

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.

We sorted and filtered the Sheriff's Office's general ledger to create a listing of entity disbursements and obtained a representation from management that the listing is complete.

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

We selected 25 disbursements, examined supporting documentation and verified the following:

- 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.

We noted out of the 25 selections we tested, all disbursements were approved by Randy Seal, Sheriff, but there is not a purchase order or written documentation of approval.

Management's Response: *The Sheriff's Office will develop a formal written policy to govern disbursements. This policy will detail an effort to initiate purchases that separates initiation from approval functions in the same manner as a requisition/purchase order system.*

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

See above.

- 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.

See above.

- 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.

We noted that those responsible for processing payments also have access to adding new vendors to the accounting system.

Management's Response: *The Sheriff's Office will develop a formal written policy to govern disbursements. This policy will detail an effort to segregate the duties of processing payments and 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.

No exceptions were noted.

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

No exceptions were noted.

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.

No exceptions were noted.

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

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

We obtained a listing of all ten credit, debit, fuel, and purchase cards and a representation from management 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.

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

We selected six (6) of the Sheriff's Office's ten total credit cards, obtained the monthly statements, and selected the month with the largest dollar activity for each card.

- 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.])

We noted that each of the six credit card statements selected lacked proper approval and did not contain adequate supporting documentation.

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

We noted that finance charges were assessed on five of the six credit card selections.

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).

We obtained supporting documentation for the statements selected in Step 15 and verified the following:

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

We noted that each of the six credit card statements selected lacked proper approval and did not contain adequate supporting documentation.

Management's response: The Sheriff's Office will develop a formal written policy to govern credit cards. This policy will detail an effort to properly approve and support credit card transactions.

- 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.

See above.

- 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.

See above.

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 detail and sorted and filtered for travel reimbursements. We obtained a representation from management that the listing was 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 Sheriff's Office does not have a written policy; however, the office does reimburse the actual cost of travel and expenses. A comparison to the GSA rate is not possible.

Management's Response: The Sheriff's Office will develop a written policy related to travel and expense reimbursements.

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 were noted.

- b) Report whether each expense is supported by:

- 1) 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.

We noted that one (1) of the three (3) travel and expense reimbursements did not have adequate supporting documentation.

Management's response: The Sheriff's office will develop a written policy related to travel and expense reimbursements that will address requirements for supporting documentation.

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

See above.

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

See above.

- 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 were noted.

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

No exceptions were noted.

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 listing of all contracts in effect during the year ended June 30, 2017. We obtained management's representation that the listing was 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.

We noted there were no written contracts for three (3) of the five (5) contracts selected.

Management's response: The Sheriff's office will develop a written policy related to contracts.

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:

1) 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)

See above.

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

See above.

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.

No exceptions were noted.

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.

No exceptions were noted.

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).

No exceptions were noted.

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:

We obtained a listing of employees and a representation from management that the listing was complete. We selected five employees and obtained their personnel files and performed the following:

- 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.

We noted the two (2) of the twenty five (25) employees tested had pay rates that did not match their employee file.

Management's response: The Sheriff's office will develop a written policy related to payroll and personnel. This policy will address the proper documentation for pay rates.

- 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.

See above.

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

We selected one pay period in which leave was taken and performed the following:

- 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.)

We noted that for five (5) out of the twenty five (25) selections no proper documentation of daily attendance was documented.

Management's response: The Sheriff's office will develop a written policy related to payroll and personnel. This policy will address the proper documentation of daily attendance and leave.

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

See above.

- 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.

See above.

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.

We obtained a list of terminations and a representation that the list was complete. We selected termination payments and verified that they were made in accordance with the employee's contract and were approved by management. No exceptions were 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.

We examined supporting documentation and verified that required payments of payroll taxes and retirement contributions as well as the required reporting forms were made in a timely manner. No exceptions were noted.

Ethics

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.

We were unable to obtain documentation that four (4) of the five (5) employee's selected in Step 22 had taken the required ethics training.

Management's response: The Sheriff's office will develop a written policy related to the required ethics compliance.

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.

Management represented that no ethics violations were reported to them during the fiscal period.

Debt Service

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

No exceptions were noted.

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.

No exceptions were noted.

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

No exceptions were noted.

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 represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating that there had been no misappropriation of public funds.

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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the Sheriff did not have the notice required by R.S. 24:523.1 posted on its website or on its premises.

Management's Response: The Sheriff's Office will post the notice on its website and on its premises per R.S. 24:523.1 as soon as possible.

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.

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 procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Carly Riggs & Ingram, L.L.C.

December 28, 2017