

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

ANNUAL FINANCIAL REPORT

June 30, 2018



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Washington Parish Sheriff's Office
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June 30, 2018

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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's Office (the "Sheriff"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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's Office, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement and Prior Period Adjustment

As described in Note 10 to the financial statements, the Sheriff's Office adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and discovered an error related to accrued pension expense related to the prior year. These matters resulted in a cumulative effect of change in accounting principle of (\$2,713,806) to the June 30, 2017 net position for governmental activities, a correction of an error of (\$81,840) to the June 30, 2017 net position for governmental activities and a correction of an error of (\$81,840) to the June 30, 2017 general fund balance. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of net OPEB liability and related ratios, schedule of proportionate share of net pension liability for Sheriff's Pension and Relief Fund, and schedule of employer contributions to Sheriff's Pension and Relief Fund on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles 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 omitted 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, schedule of compensation, benefits, and other payments to agency head, and combining and individual fiduciary fund financial statements and schedules are presented as mandated by the Louisiana state laws and are not a required part of the basic financial statements.

The accompanying affidavit, schedule of compensation, benefits, and other payments to agency head, and combining and individual fiduciary fund financial statements and schedules 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 combining and individual fiduciary fund financial statements and schedules 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 27, 2018, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Cary Riggs & Ingram, L.L.C.

December 27, 2018



Financial Statements

Washington Parish Sheriff's Office
Statement of Net Position

June 30,

2018

		Governmental Activities
Assets		
Cash and cash equivalents	\$	832,790
Receivables		304,818
Prepaid and other assets		29,899
Capital assets, net of depreciation		258,096
Total Assets		1,425,603
Deferred Outflows of Resources		
Pension deferrals		1,077,739
Total Deferred Outflows of Resources		1,077,739
Liabilities		
Accounts payable		108,174
Salaries and benefits payable		55,350
Accrued liabilities		290,550
Non-current liabilities:		
Due within one year		80,280
Due in more than one year		5,576,869
Total Liabilities		6,111,223
Deferred Inflows of Resources		
OPEB deferrals		112,048
Pension deferrals		747,854
Total Deferred Inflows of Resources		859,902
Net Position (Deficit)		
Net investment in capital assets		258,096
Restricted for program services		16,272
Unrestricted		(4,742,151)
Total Net Position (Deficit)	\$	(4,467,783)

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,

2018

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	\$ 6,524,881	\$ 1,537,662	\$ 92,999	\$	(4,894,220)
Depreciation	29,893	-	-	\$	(29,893)
Interest expense	443	-	-	\$	(443)
Total governmental activities	\$ 6,555,217	\$ 1,537,662	\$ 92,999	\$	(4,924,556)
General revenues:					
Taxes:					
Sales and use taxes, levied for special purposes				\$	2,558,607
Property taxes, levied for general purposes					2,092,415
State revenue sharing					127,642
Other income					507,653
Interest					7
Total general revenues					5,286,324
Change in net position					361,768
Net position (deficit), June 30, 2017					(2,033,905)
Cumulative effect of change in accounting principle (Note 10)					(2,713,806)
Prior period restatement for correction of an error					(81,840)
Net position (deficit), June 30, 2017 (as restated)					(4,829,551)
Net position (deficit), June 30, 2018				\$	(4,467,783)

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,

2018

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 812,992	\$ 19,798	\$ 832,790
Receivables	325,931	-	325,931
Prepaid and other	29,899	-	29,899
Total Assets	\$ 1,168,822	\$ 19,798	\$ 1,188,620
Liabilities			
Accounts payable	\$ 129,129	\$ 158	\$ 129,287
Salaries and benefits payable	55,350	-	55,350
Accrued liabilities	290,550	-	290,550
Total Liabilities	475,029	158	475,187
Fund Balance			
Nonspendable	29,899	-	29,899
Restricted for program services	-	19,640	19,640
Unassigned	663,894	-	663,894
Total Fund Balance	693,793	19,640	713,433
Total Liabilities and Fund Balance	\$ 1,168,822	\$ 19,798	\$ 1,188,620

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>2018</i>
Total Fund Balance at June 30, 2018 Governmental Funds	\$ 713,433
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, 2018	\$ 1,681,706
Less accumulated depreciation as of June 30, 2018	<u>(1,423,610)</u> 258,096
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	1,077,739
Pension related deferrals are deferred inflows of resources on the Statement of Net Position	(747,854)
OPEB related deferrals are deferred inflows of resources on the Statement of Net Position	(112,048)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements:	
Compensated absences	(89,867)
Net pension liability	(1,944,375)
Net OPEB liability	<u>(3,622,907)</u> (5,657,149)
Net position - June 30, 2018	\$ (4,467,783)

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,

2018

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues			
Sales and use taxes	\$ 2,558,607	\$ -	\$ 2,558,607
Ad valorem taxes	2,092,415	-	2,092,415
Intergovernmental revenues			
State supplemental pay	277,886	-	277,886
State revenue sharing	131,139	-	131,139
Grant revenue	92,999	-	92,999
Fees, charges, and commissions for services			
Feeding and keeping of prisoners	903,725	-	903,725
Commissions	521,410	-	521,410
Civil and criminal fees	83,383	29,144	112,527
Other revenues	225,820	-	225,820
Interest earnings	7	-	7
Total Revenues	6,887,391	29,144	6,916,535
Expenditures			
Public safety			
Personnel services	4,874,111	25,489	4,899,600
Materials and supplies	1,100,299	257	1,100,556
Feeding and keeping of prisoners	342,813	-	342,813
Contractual services	294,444	-	294,444
Grant expenses	51,894	-	51,894
Continuing education	11	-	11
Other	19,799	30	19,829
Debt service			
Interest	443	-	443
Capital outlays	61,527	-	61,527
Total Expenditures	6,745,341	25,776	6,771,117
Net Change in Fund Balance	142,050	3,368	145,418
Fund Balance - June 30, 2017	633,583	16,272	649,855
Prior period restatement for correction of an error	(81,840)	-	(81,840)
Fund Balance - June 30, 2017 (as restated)	551,743	16,272	568,015
Fund Balance - June 30, 2018	693,793	19,640	713,433

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>2018</i>
Total net change in fund balance - governmental fund	\$ 145,418
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	\$ 61,527
Depreciation expense	<u>(29,893)</u>
	31,634
Change in deferred outflows of resources - pension deferrals	(380,532)
Change in deferred inflows of resources - pension deferrals	29,530
Change in deferred inflows of resources - OPEB deferrals	(112,048)
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	2,622
Pension expense	588,842
OPEB expense	63,984
	655,448
Change in net position - governmental activities	<u>\$ 369,450</u>

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

As of June 30, *2018*

		Agency Funds
Assets		
Cash and cash equivalents	\$	1,215,843
Due from taxing bodies		2,515,319
<hr/>		
Total Assets	\$	3,731,162
<hr/>		
Liabilities		
Due to taxing bodies	\$	3,731,162
<hr/>		
Total Liabilities	\$	3,731,162
<hr/>		

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



Washington Parish Sheriff's Office Notes to Financial Statements

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's Office (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 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 Net Position

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, 2018, the Sheriff has accumulated and vested \$89,867 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 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 two items that meet the criterion for this category, pension – related deferrals and OPEB related deferrals.

Net Position

In the government-wide statements, net position is classified 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.

Washington Parish Sheriff's Office
Notes to Financial Statements

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, 2018 are recorded as prepaid items. Prepaid items that existed at June 30, 2018 were prepaid insurance.

G. Adoption of New Accounting Pronouncements

The following new accounting pronouncement was recently issued by the GASB and adopted by the Sheriff for the year ended June 30, 2018:

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 was adopted for the year ended June 30, 2018 resulting in a cumulative change in accounting principle as described in Note 10.

H. Future Accounting Pronouncements

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, 2020. Management is still determining the impact, if any, these standards will have on the Sheriff's financial statements.

I. 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.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 2: CASH AND INTEREST-BEARING DEPOSITS

At June 30, 2018, the Sheriff had the following cash and interest bearing deposits (book balances) as follows:

Fund Type	
Governmental Funds	\$ 832,790
Fiduciary Funds	1,215,843
Total	\$ 2,048,633

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.

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, 2018, are secured as follows:

Bank balance	\$ 2,306,526
FDIC Insured	750,000
Collateral held by pledging bank in Sheriff's name	1,527,446
Total	\$ 2,277,446

As of June 30, 2018, 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.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 3: AD VALOREM TAXES (CONTINUED)

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, 2018, 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 2018 were \$2,092,415. There were no taxes receivable in the General Fund at June 30, 2018.

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, 2018, sales and use taxes for the Sheriff totaled \$2,558,607.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, were as follows:

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Sales Tax	\$ 259,756	\$ -	\$ 259,756
Grants	6,971	-	6,971
Other	59,204	-	59,204
Total	\$ 325,931	\$ -	\$ 325,931

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities				
Assets Not Being Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Assets Being Depreciated				
Vehicles	490,972	50,552	(211,886)	329,638
Buildings and Improvements	198,966	-	-	198,966
Furniture, Fixtures & Equipment	192,504	-	-	192,504
Other Capital Assets	899,624	10,974	-	910,598
Total Assets	1,832,066	61,526	(211,886)	1,681,706
Less Accumulated Depreciation				
Vehicles	(453,441)	(9,870)	211,886	(251,425)
Buildings and Improvements	(103,594)	(4,282)	-	(107,876)
Furniture, Fixtures & Equipment	(184,497)	(7,247)	-	(191,744)
Other Capital Assets	(864,071)	(8,494)	-	(872,565)
Total Accumulated Depreciation	(1,605,602)	(29,893)	211,886	(1,423,610)
Governmental Activities, Capital Assets, Net	\$ 226,464	\$ 31,633	\$ -	\$ 258,096

Depreciation expense of \$29,893 was charged to the public safety function.

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Governmental Activities, net	July 1, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Compensated Absences	\$ 92,491	\$ 89,683	(92,307)	\$ 89,867	\$ 80,280
Net Pension Liability	2,533,217	-	(588,842)	1,944,375	-
Net OPEB Liability (as restated)	3,679,209	-	(56,302)	3,622,907	-
	\$ 6,304,917	\$ 89,683	(737,451)	\$ 5,657,149	\$ 80,280

NOTE 8: 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.

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.

NOTE 8: PENSION PLAN (CONTINUED)

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

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

Disability Benefits

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for 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.

NOTE 8: PENSION PLAN (CONTINUED)

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

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

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.

NOTE 8: PENSION PLAN (CONTINUED)

Contributions

According to State statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2018, the actual employer contribution rate was 13.75%. For the year ended June 30, 2017, 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, 2018. Contributions to the pension plan from the Sheriff were \$387,681 for the year ended June 30, 2018.

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

At June 30, 2018, the Sheriff reported a liability of \$1,944,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Sheriff's proportion was 0.449019%, which was an increase of 0.049889% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$327,344 plus the Sheriff's amortization of the difference between employer contributions and the proportionate share of contributions of \$736.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 8: PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 338,471
Net difference between projected and actual earnings on pension plan investments	-	27,908
Change in assumptions	342,123	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	347,934	381,475
Employer contributions subsequent to the measurement date	387,682	-
Total	\$ 1,077,739	\$ 747,854

Deferred outflows of resources of \$387,682 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:

2019	(104,445)
2020	103,457
2021	(36,142)
2022	(112,136)
2023	48,550
2024	42,919

Actuarial Assumptions

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

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal cost
Inflation	7.4% per annum
Projected salary increases	5.5% (2.775% Inflation, 2.725% Merit)
Investment rate of return	7.5% net of investment expense

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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.

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity Securities	60%	4.4%
Bonds	25	0.7
Alternative Investments	15	0.6
Totals	100%	5.7%

Discount Rate

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

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 8: PENSION PLAN (CONTINUED)

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 7.4%, 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 (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Sheriff's proportionate share of the net pension liability	\$ 4,005,926	\$ 1,944,375	\$ 209,861

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, 2018, the Sheriff recognized revenue as a result of support received from non-employer contributing entities of \$178,239 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 \$131,316 as of June 30, 2018.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

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

Benefits Provided

Medical and life insurance benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree (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.

Life insurance coverage is continued to retirees based on a blended rate for active employees and retirees. The employer pays 100% of the cost of the first \$10,000 of life insurance after retirement. The retiree may elect to continue additional voluntary insurance amounts in force at time of retirement, subject to an age-related reduction formula (reducing to 75% at age 65 and 50% at age 70. The retiree pays for the additional voluntary insurance but both that cost and the employer cost are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 74/75 requires the use of "unblended" rates, we have used the valuation mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. The Sheriff has assumed that 60% of currently active employees will elect to continue the voluntary additional life insurance after retirement.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	87
	107

The Sheriff's total OPEB liability of \$3,622,907 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

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

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

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2017.

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 3,679,209
<hr/>	
Changes for the year:	
Service cost	86,834
Interest	126,143
Differences between expected and actual experience	(119,051)
Benefit payments and net transfers	150,228
Net changes	(56,302)
Balance at June 30, 2018	\$ 3,622,907

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
Total OPEB liability	\$ 4,195,161	\$ 3,622,907	\$ 3,171,221

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 3,164,494	\$ 3,622,907	\$ 4,198,916

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

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$205,974. At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 50,661
Total	\$ -	\$ 50,661

Washington Parish Sheriff's Office
Notes to Financial Statements

NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

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

Years ending June 30:	
2019	(7,033)
2020	(7,033)
2021	(7,033)
2022	(7,033)
2023	(7,033)
Thereafter	(77,033)

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

During the preparation of the financial statements for the year ended June 30, 2018, the Sheriff adopted GASB 75 related to post-employment benefits other than pension, and recorded a correction of an error related to prior year accrued pension expense, which had the following impact on the beginning net position at June 30, 2017:

	Governmental Activities
Net Position- June 30, 2017	\$ (2,033,905)
Prior Period Adjustments:	
Cumulative effect of changes in accounting principle:	
GASB 75- Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	(2,713,806)
Correction of an Error- Prior Year Accrued Pension Expense	(81,840)
Net Position- June 30, 2017, as restated	\$ (4,829,551)

	General Fund
Fund Balance- June 30, 2017	\$ 633,583
Prior Period Adjustment:	
Correction of an Error- Prior Year Accrued Pension Expense	(81,840)
Fund Balance- June 30, 2017, as restated	\$ 551,743

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 \$286,553, at June 30, 2018.

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, 2018, the Ad Valorem Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$560,082. The Tax Collector Fund had collected ad-valorem taxes and had ad-valorem taxes uncollected for the year ended June 30, 2018, by taxing body, as follows:

Taxing Body	Ad Valorem Tax Levy	Ad Valorem Tax Uncollected
Bogalusa School Board	\$ 5,283,066	\$ 6,346
Parish Government	4,722,931	8,104
Parish School Board	3,111,186	6,940
Law Enforcement	2,010,747	3,406
Hospital Service District	1,480,007	3,426
Assessor	985,209	1,669
Fire District No. 7	580,880	3,291
Council on Aging	513,697	870
Florida Parish Juvenile Ctr.	504,581	855
Bonner Creek Fire District No. 1	208,068	135
Varnado Fire District No. 6	239,493	94
Pine Fire District No. 4	154,054	565
Spring Hill Fire District No. 8	137,134	(0)
Richardson Fire District No. 2	139,905	14
Hayes Creek Fire District No. 3	87,560	567
Fire District No. 9	84,998	(0)
Angie Fire District No. 5	116,057	256
Forestry	20,610	1
Louisiana Tax Commission	19,438	-
Total	\$ 20,399,619	\$ 36,540

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, 2018, the Sales Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$63,410. The total sales tax collections on behalf of other taxing authorities for the year ended June 30, 2018, was as follows:

Total Collection Taxing Authority	Collections	Cost	Distributed
City of Bogalusa	\$ 7,004,001	\$ 103,588	\$ 6,900,413
Parish Government	4,606,862	68,135	4,538,727
Parish School Board	3,726,982	55,121	3,671,860
Law Enforcement District	2,119,923	-	2,119,923
Bogalusa School Board	2,294,355	33,933	2,260,422
Town of Franklinton	2,227,190	32,940	2,194,250
Village of Angie	84,043	1,243	82,800
Village of Varnado	35,205	521	34,685
Total	\$ 22,098,560	\$ 295,481	\$ 21,803,079

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, 2018, 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 2018 in the amount of \$377,101.

NOTE 17: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 27, 2018, the date the financial statements were 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,

2018

	Original Budget	Revised Budget	Actual	Variance from Revised Budget
REVENUES:				
Ad valorem tax	\$ 2,054,100	\$ 2,109,349	\$ 2,092,415	\$ (16,934)
State revenue sharing	125,922	87,440	131,139	43,699
Sales tax income	2,150,000	2,128,933	2,158,221	29,288
Vehicle sales tax income	428,400	399,415	400,386	971
Commissions	500,004	510,071	521,410	11,339
Fines and licenses	12,000	12,543	12,265	(278)
Supplemental pay	308,280	283,703	277,886	(5,817)
WPG reimbursements	280,008	403,988	334,464	(69,524)
DOC reimbursements	246,000	265,451	263,211	(2,240)
Prisoner revenues	96,000	152,268	306,050	153,782
Fee income	142,320	75,126	71,118	(4,008)
Grant income	82,800	77,141	92,999	15,858
Miscellaneous Income	33,600	388,565	225,827	(162,738)
	<u>6,459,434</u>	<u>6,893,993</u>	<u>6,887,391</u>	<u>(6,602)</u>
Expenses				
Salaries	3,120,423	3,521,914	3,470,760	51,154
Related benefits	1,185,761	1,399,724	1,485,191	(85,467)
Professional fees	273,000	238,631	294,444	(55,813)
Auto expenses and supplies	235,200	83,924	308,390	(224,466)
Data services	54,000	79,305	99,670	(20,365)
Feeding and maintaining prisoners	360,000	220,291	342,813	(122,522)
Insurance - non employee	264,000	199,122	187,312	11,810
Lease and rental expenses	31,200	28,100	29,594	(1,494)
Telephone and utilities	120,000	138,675	143,830	(5,155)
Grant expenses	49,200	47,629	51,894	(4,265)
Training	30,000	16,225	16,188	37
Interest	2,500	-	443	(443)
Other	240,000	595,761	360,783	234,978
Capital expenditures	60,000	67,948	61,527	6,421
Total Expenditures	<u>6,025,284</u>	<u>6,637,249</u>	<u>6,852,839</u>	<u>(215,590)</u>
Excess (deficiency) of revenues over expenditures	434,150	256,744	34,552	(222,192)
NET CHANGE IN FUND BALANCES	434,150	256,744	34,552	(222,192)
FUND BALANCES—Beginning of year	633,583	633,583	633,583	-
FUND BALANCES—End of year	\$ 1,067,733	\$ 890,327	\$ 668,135	\$ (222,192)

Washington Parish Sheriff's Office
Schedule of Changes in Net OPEB Liability
and Related Ratios
For the Year Ended June 30, 2018

Total OPEB Liability	
Service cost	\$ 86,834
Interest	126,143
Changes of benefit terms	-
Differences between expected and actual experience	(119,051)
Changes of assumptions	-
Benefit payments	150,228
Net change in total OPEB liability	<u>(56,302)</u>
Total OPEB liability - beginning	<u>3,679,209</u>
Total OPEB liability - ending	<u><u>\$ 3,622,907</u></u>
Covered-employee payroll	\$ 2,603,200
Net OPEB liability as a percentage of covered-employee payroll	139.17%

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

Notes to Schedule:

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

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2018.

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>	2018	2017	2016	2015
Washington Parish Sheriff Office's proportion of the net pension liability (%)	0.45%	0.40%	0.39%	0.51%
Washington Parish Sheriff Office's proportion of the net pension liability (\$)	\$ 1,944,375	\$ 2,533,217	\$ 1,739,234	\$ 2,008,352
Washington Parish Sheriff Office's covered payroll	\$ 3,110,070	\$ 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 payroll	62.52%	104.28%	114.48%	97.54%
Plan fiduciary net position as a percentage of the total pension liability	88.49%	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, 2018

Changes of Assumptions

There were no changes of benefit terms for the four valuation years ended June 30, 2017.

Changes of Assumptions

For the actuarial valuation for the year ended June 30, 2015, the discount rate was reduced from 7.7% to 7.6%, the salary increase assumption was reduced from 6% to 5.5%, and the inflation assumption was reduced from 3% to 2.875%.

For the actuarial valuation for the year ended June 30, 2016, the remaining service life of employees was increased from 6 years to 7 years, and the discount rate was reduced from 7.6% to 7.5%.

For the actuarial valuation for the year ended June 30, 2017, the discount rate was reduced from 7.5% to 7.4%, the inflation was reduced from 2.875% to 2.775%, and the projected merit increase rate was increased from 2.625% to 2.725%.

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

<i>For the years ended June 30,</i>	2018	2017	2016	2015	2014
Contractually required contribution	\$ 387,681	\$ 412,092	\$ 326,463	\$ 368,430	\$ 499,284
Contributions in relation to the contractually required contribution	387,681	412,092	326,463	368,430	499,284
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,039,243	\$ 3,110,070	\$ 2,429,310	\$ 1,519,299	\$ 2,058,903
Contributions as a percentage of covered payroll	12.75%	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.



**Other Supplementary
Information**

Washington Parish Sheriff's Office
Affidavit

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:

\$273,559.54 is the amount of cash on hand in the Ad Valorem Tax Collector Fund on June 30, 2018.

He further deposed and said:

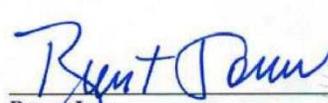
All itemized statements of the amount of taxes collected for the tax year 2017, by the taxing authority, are true and correct.

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

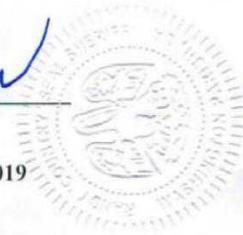


Randy Seal
Sheriff of Washington Parish

SWORN to and Subscribed before, Notary, this 28 day of November, 2018, in my office in Washington Parish, Louisiana.



Brent Jones
Notary # 147068
Commission Expires 07/01/2019



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

For the year ended June 30,

2018

Agency Head Name: Sheriff Randy Seal

Purpose	Amount
Salary	\$ 160,276
Benefits-insurance	9,402
Benefits-retirement	20,435
Benefits-medicare	2,324
Benefits-worker's compensation	-
Benefits-unemployment	-
Cell phone	-
Uniforms	-
Per diem	-
Reimbursements-advertising	-
Travel	-
Fuel usage	2,822
Conference travel (Including Hotel Stays)	1,925
Continuing professional education fees	420
Housing	-
Unvouchered expenses	-
Meals	104



**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

Fiduciary 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, 2017	\$ 204,631	\$ 792,995	\$ 2,373,481	\$ 127,307	\$ 42,945	\$ 3,541,359
Additions	1,131,289	22,366,835	26,180,809	353,609	155,972	50,188,514
Deductions	(1,090,206)	(22,307,094)	(26,212,172)	(406,173)	(152,826)	(50,168,471)
Balance at June 30, 2018	<u>\$ 245,714</u>	<u>\$ 852,736</u>	<u>\$ 2,342,118</u>	<u>\$ 74,743</u>	<u>\$ 46,091</u>	<u>\$ 3,561,402</u>



Government Auditing Standards Reports

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 basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington Parish Sheriff's Office (the "Sheriff"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 27, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We did identify a certain deficiency in internal control described in the accompanying schedule of findings that we consider to be a material weakness as item 2018-003.

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 2018-001 and 2018-002.

Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying corrective action plan. The Sheriff's response was subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Caru, Riggs & Ingram, L.L.C.

December 27, 2018

Washington Parish Sheriff's Office
Schedule of Findings
For the Year Ended June 30, 2018

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2018-001 Non-compliance - Collateralization of Deposits (Originated in 2016)

- Criteria:* 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.
- Condition:* A local bank which held a portion of the Sheriff's deposits failed to adequately collateralize uninsured deposits. At June 30, 2018, \$33,441 of deposits at the local bank were susceptible to loss from bank failure due to inadequate collateralization.
- Cause:* The Sheriff does not have adequate policies, procedures, and controls in place to monitor collateralization compliance with banks.
- Effect:* The Sheriff was not in compliance with L.R.S. 39.1225.

2018-002 Non-compliance with Public Bid Law (Originated in 2015)

- Criteria:* Public entities must follow Public Bid Law requirements per Louisiana Revised Statute (L.R.S.) 38.2211.
- Condition:* The Sheriff was not in compliance with Louisiana Public Bid Law. During our testing of compliance, we noted that no bids were obtained for two expenditures over food and pharmaceutical supplies over certain statutory amounts required by the Public Bid Law.
- Cause:* The Sheriff does not have adequate policies, procedures, and controls in place to monitor its expenditures in accordance with the public bid law.
- Effect:* 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
For the Year Ended June 30, 2018**

2018-003 Material Weakness - Preparation of Financial Statements (Originated in 2016)

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, 2018**

2017-001 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 2018-001)

2017-002 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 2018-002)

2017-003 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 2018-003)

**Washington Parish Sheriff's Office
Corrective Action Plan
For the Year Ended June 30, 2018**

Corrective Action Plan
December 27, 2018

Washington Parish Sheriff's Office respectfully submits the following corrective action plan for the year ended June 30, 2018

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, LA 70005

Audit Period:

Fiscal Year July 1, 2017 – June 30, 2018

Entity Contact Person for all findings: Brent Jones

The findings from the December 27, 2018 Schedule of Findings are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings.

2018-001 Collateralization of Deposits

Requirement: 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.

Action Taken: The Sheriff's management will discuss with the local bank in order to resolve this finding.

2018-002 Non-compliance with Public Bid Law

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

Action Taken: As of September 2018, the Sheriff's management let out bids for both the food and pharmaceutical supplies and is now in compliance with the Public Bid Law requirements.



**Washington Parish Sheriff's Office
Corrective Action Plan
For the Year Ended June 30, 2018**

2018-003 Preparation of Financial Statements

Recommendation: 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.

Action Taken: The Sheriff's management will be implementing QuickBooks accounting software in January 2019 and revising its system of internal accounting controls to resolve this finding.



Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

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, 2017 through June 30, 2018. The Sheriff's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: Exception noted; The Sheriff has no written contracting policy.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: Date of preparation was undeterminable on all five bank reconciliations selected.

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

Results: No evidence of review on all five bank reconciliations selected.

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

Results: No evidence of research of outstanding items greater than 12 months from statement closing date on all five bank reconciliations selected.

Collections

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

- 8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: The employee responsible for processing payments is not prohibited from adding/modifying vendor files, and another employee is not responsible for periodically reviewing changes to vendor files.

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

Results: No exceptions were found as a result of applying the procedure.

9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Results: No exceptions were found as a result of applying the procedure.

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

Results: Finance charges were assessed on 2 of the 5 selected statements.

12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions were found as a result of applying the procedure.

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

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

The Sheriff did not have any travel or travel-related expense reimbursements during the fiscal period. Travel and travel-related expense reimbursement procedures are not applicable.

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

Procedure not applicable- See # 13 above.

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

Procedure not applicable- See # 13 above.

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

Procedure not applicable- See # 13 above.

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

Procedure not applicable- See # 13 above.

Contracts

- 14. Obtain from management a listing of all active vendors. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Results: No exceptions were found as a result of applying the procedure.

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

Results: Contracts were not bid in accordance with the Louisiana Public Bid Law when required by law.

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

Results: Contracts were not approved by the governing body.

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

Results: Not applicable. There were no amended contracts during the fiscal year.

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

Results: Documentation of contract terms and conditions were not available for selected contracts.

Payroll and Personnel

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

Results: No exceptions noted as a result of applying the procedure.

16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions noted as a result of applying the procedure.

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

Results: No exceptions noted as a result of applying the procedure.

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

Results: No exceptions noted as a result of applying the procedure.

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

Results: No exceptions noted as a result of applying the procedure.

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

Results: No exceptions noted as a result of applying the procedure.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Results: No exceptions noted as a result of applying the procedure.

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

Results: Ethics documentation was unavailable for 2 of the 5 employees selected.

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

Results: Ethics documentation was unavailable for 2 of the 5 employees selected.

Other

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

Results: Management represented that they were not aware of any misappropriations of public funds or assets during the fiscal period.

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

Results: No exceptions noted as a result of applying the procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of 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.

Cary Riggs & Ingram, L.L.C.

December 27, 2018



Randy "Country" Seal

Washington Parish Sheriff
Ex-Officio Tax Collector

December 27, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Washington Parish Sheriff's Office

Ladies and Gentlemen:

The Washington Parish Sheriff's Office will review our current policies and procedures in regard to the comments for each financial function. After review we will make all appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in blue ink that reads "Randy Seal".

Randy "Country" Seal
Sheriff