

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Gregory Champagne
St. Charles Parish Sheriff
Hahnville, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 basic financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to on the following pages present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Charles Parish Sheriff as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on page 48 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 supplemental 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Charles Parish Sheriff's basic financial statements. The required supplemental information presented on pages 48-52 and the other supplementary information presented on pages 53-60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Affidavit of Sheriff on page 65 is not a required part of the basic financial statements of the Sheriff but is additional information required by the State Statute.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the St. Charles Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Charles Parish Sheriff's internal control over financial reporting and compliance.


Harvey Louisiana
December 20, 2017

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited)

Within this section of the St. Charles Parish Sheriff's (the Parish Sheriff) annual financial report, the Parish Sheriff's management provides this narrative discussion and analysis of the financial activities of the Parish Sheriff for the fiscal year ended June 30, 2017. The Parish Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Parish Sheriff's liabilities exceeded its assets by \$5,555,784 (net position) for the fiscal year reported.

Total net position is comprised of the following:

- 1 Investment in capital assets, net of related debt of \$14,120,096 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of capital assets.
- 2 Net position of \$306,050 is restricted by constraints imposed by lenders for debt service.
- 3 Unrestricted net position of (\$19,981,930) represents the portion available to maintain the Parish Sheriff's continuing obligations to citizens and creditors.

The Parish Sheriff's General Fund reported total ending fund balance of \$26,592,231 this year. This compares to the prior year ending fund balance of \$26,526,163 showing an increase of \$66,068 during the current year. The classification of the fund balance into various categories is described in Note M on page 26.

At the end of the current fiscal year, the total fund balance for the General Fund was \$26,592,231, an increase of \$66,068 from 2016. The unassigned fund balance is 65% of total General Fund expenditures which includes transfers to debt service fund and is 65% of General Fund revenues which compares to the prior year of 68% and 65%, respectively.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Parish Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Parish Sheriff also includes in this report additional information to supplement the basic financial statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Parish Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of financial position presenting information that includes all of the Parish Sheriff's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Parish Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Sheriff would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Sheriff's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Sheriff's distinct activities or functions on revenues provided by the Parish Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Parish Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements are presented on pages 12 and 13 of this report.

FUND FINANCIAL STATEMENTS

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

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 and 16 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action, and the individual prison inmate accounts. The Parish Sheriff's fiduciary funds consist solely of Agency Funds.

The basic agency fund financial statement is presented on page 18 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Parish Sheriff's budget presentations. Budgetary comparison schedules are included as "required supplementary information" for the General Fund. These schedules demonstrate compliance with the Parish Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 48-52 of this report.

In addition, more detailed information for the General Fund, Debt Service Fund and Agency Funds are presented as "other supplementary information" presented on pages 53 through 58 of this report.

FINANCIAL ANALYSIS OF THE PARISH SHERIFF AS A WHOLE (DOLLARS ARE IN THOUSANDS)

The Parish Sheriff implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2003. Over time, year-to-year financial information has been accumulated on a consistent basis and changes in net position may be observed and used to discuss the changing financial position of the Parish Sheriff as a whole.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

The Parish Sheriff's net position at fiscal year-end is \$(5,555,784). The following table provides a summary of the Parish Sheriff's net position at June 30, 2017, 2016, and 2015.

Summary of Net Position

	Governmental Activities		Governmental Activities		Governmental Activities	
	2017	% Total	2016	% Total	2015	% Total
Assets:						
Current assets and other assets	\$ 38,222,119	55%	\$ 31,522,807	49%	\$ 32,431,428	50%
Capital assets	<u>31,510,096</u>	<u>45%</u>	<u>32,310,358</u>	<u>51%</u>	<u>32,261,560</u>	<u>50%</u>
Total assets	<u>69,732,215</u>	<u>100%</u>	<u>63,833,165</u>	<u>100%</u>	<u>64,692,988</u>	<u>100%</u>
Liabilities:						
Current liabilities	467,172	1%	574,337	1%	1,249,618	2%
Long-term liabilities	<u>74,820,827</u>	<u>99%</u>	<u>66,707,931</u>	<u>99%</u>	<u>65,634,069</u>	<u>98%</u>
Total liabilities	<u>75,287,999</u>	<u>100%</u>	<u>67,282,268</u>	<u>100%</u>	<u>66,883,687</u>	<u>100%</u>
Net position:						
Investment in capital assets, net of debt	14,120,096	-254%	13,815,358	-401%	12,806,560	-585%
Restricted	306,050	-6%	380,352	-11%	393,918	-18%
Unrestricted	<u>(19,981,930)</u>	<u>360%</u>	<u>(17,644,813)</u>	<u>512%</u>	<u>(15,391,177)</u>	<u>703%</u>
Total net position	<u>\$ (5,555,784)</u>	<u>100%</u>	<u>\$ (3,449,103)</u>	<u>100%</u>	<u>\$ (2,190,699)</u>	<u>100%</u>

The Parish Sheriff continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities at June 30, 2017 is 81.82 to 1 (54.88 to 1 for 2016, 25.95 to 1 for 2015).

Due to the recent adoption of the new GASB 68 pronouncement regarding the net pension liability the Parish Sheriff reported an overall negative balance in net position for the governmental activities. Net position decreased \$2,106,681 for governmental activities in fiscal year ending 2017 compared to \$1,258,404 decrease for 2016 and \$15,309,114 decrease for 2015. Note the increase in long-term liabilities. Post Retirements Benefit liability under GASB 45 (other post-employment healthcare) for 2017 is \$34.6 million compared to \$30.3 million for 2016 (\$26.0 million for 2015). Net pension liability increased liabilities by \$6,100,892 for 2017, compared to \$1,528,055 for 2016.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

The following table provides a statement of the Parish Sheriff's condensed statement of activities and changes in net position.

	2017		2016		2015	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenues:						
Program:						
Charges for services/finest	\$ 8,835,862	21%	\$ 8,958,906	22%	\$ 9,234,093	21%
Operating and capital grants	233,392	1%	126,441	0%	647,111	2%
General:						
Property taxes	26,640,809	64%	26,558,522	64%	26,363,344	61%
Unrestricted state grants	3,526,830	8%	3,629,745	9%	3,496,013	8%
Other-related to pension transition	1,921,572	5%	1,492,774	4%	3,142,705	7%
Interest	131,963	0%	75,786	0%	55,630	0%
Miscellaneous	546,680	1%	418,032	1%	426,020	1%
Total Revenues	41,837,108	100%	41,260,206	100%	43,364,916	100%
Program expenses:						
Public safety	43,392,916	99%	41,826,463	98%	40,299,552	98%
Interest on Long Term Debt	550,873	1%	692,147	2%	899,582	2%
Total expenses	43,943,789	100%	42,518,610	100%	41,199,134	100%
Change in net position	(2,106,681)		(1,258,404)		2,165,782	
Prior period adjustment	0		0		(17,474,896)	
Beginning net position	(3,449,103)		(2,190,699)		13,118,415	
Ending net position	<u>\$ (5,555,784)</u>		<u>\$ (3,449,103)</u>		<u>\$ (2,190,699)</u>	

GOVERNMENTAL REVENUES

The Parish Sheriff is heavily reliant on property taxes to support its operations. Property taxes provided 64% of the Parish Sheriff's total revenues. Unlike many other agencies, the Parish Sheriff receives no sales tax revenue. The Parish Sheriff's financial position has enabled him to earn \$131,963 in interest to support governmental activities. Also, note that program revenues cover 22% of governmental operating expenses. This means that the government's taxpayers and the Parish Sheriff's other general revenues fund 78% of its operations.

GOVERNMENTAL FUNCTIONAL EXPENSES

The primary function of the Parish Sheriff is public safety activities (activities of general law enforcement nature). Other major functions are execution of district court orders and Ad valorem tax collection. Of the total costs, depreciation on the buildings, equipment, and vehicles was \$2,200,066.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

FINANCIAL ANALYSIS OF THE PARISH SHERIFF'S FUNDS

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$26,898,281. Of this year-end total, \$25,950,089 or 96% is unassigned indicating availability for continuing the Parish Sheriff activities. Legally restricted fund balances (i.e., the reserved fund balances) include: \$306,050 committed to the Sheriff's debt service.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Parish Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$66,068 from the prior year. This compares to prior fiscal years: 2016 increase of \$1,501,216, 2015 increase of \$2,930,004.

The main contributing factor to the increased fund balance was:

- Increase in Ad Valorem Collection (\$165,000).
- Increase in Housing Prisoner (\$144,600).
- Increase in Federal Shared Proceeds (\$51,700).
- Increase in Investment - Interest (\$55,000).

The General Fund's ending fund balance was 67% of annual expenditures (including debt service fund transfers) compared to 69% in 2016, 68% in 2015, 59% in 2014, and 60% in 2013.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund's original and final revenue budgets varied by 6%. An increase of \$2,333,972 original to final budget was realized compared to \$612,000 for the prior year 2016. Increase in ad valorem taxes, housing prisoner and bond-cost of issuance were the primary reasons for the change for the fiscal year ending 2017.

The original and final expenditure budget varied by \$390,963 or an increase of 1%. The change was due to increased expenditure of personal service.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

Significant changes from original to final budget included:

Revenue

- Increase – Housing Prisoner \$ 200,000
- Increase – Ad Valorem Taxes \$ 1,650,000

Expenditure

- Increase – Personal services/benefits \$ 377,000

Budgeted expenditures exceeded actual expenditures by \$507,500. Final budget revenue exceeded actual revenue by \$89,970.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Parish Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$31,510,095. See Note 7 on page 33 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets		
	Governmental Activities		
	2017	2016	2015
Depreciable assets:			
Buildings	\$ 33,830,216	\$ 33,830,216	\$ 33,079,781
Office equipment & furniture	11,678,501	11,080,769	10,313,544
Vehicles	<u>7,988,800</u>	<u>7,422,198</u>	<u>7,160,812</u>
Total depreciable assets	53,497,517	52,333,183	50,554,137
Less accumulated depreciation	<u>22,888,116</u>	<u>20,923,519</u>	<u>19,193,271</u>
Book value - depreciable assets	\$ 30,609,401	\$ 31,409,664	\$ 31,360,866
Book value - land	\$ 900,694	\$ 900,694	\$ 900,694
Total Capital Assets	<u>\$ 31,510,095</u>	<u>\$ 32,310,358</u>	<u>\$ 32,261,560</u>
Percentage depreciated	<u>43%</u>	<u>40%</u>	<u>38%</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Management's Discussion and Analysis (Unaudited) (Continued)

At June 30, 2017, the depreciable capital assets for governmental activities were 41% depreciated, 1% change from the prior year.

The major capital additions were as follows:

Thirty-Eight Automobiles/Heavy Equipment	\$ 818,005
Fifty Watchguard In-Car Cameras	\$ 251,000
Generator – Corrections	\$ 109,500

Long-term debt

At the end of the fiscal year, the Parish Sheriff had total certificates of indebtedness outstanding of \$17,390,000. The total amount of this debt is secured by General Fund ad valorem taxes. Other long term debt obligations include post employee benefits (OPEB) of \$34,583,343 which had a net increase of \$4.3 million from the prior year. In addition, the net pension liability totaled \$19,435,849 as of June 30, 2017. See note 11 pages 45 and 46 for detailed information regarding long-term debt.

CONTACTING THE PARISH SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Parish Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Parish Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Greg Champagne, Sheriff, St. Charles Parish Sheriff and Tax Collector, P.O. Box 426, Hahnville, LA 70057.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 10,494,817
Investments	14,893,206
Due from other governmental units	127,440
Other receivables	1,055,990
Inventories	27,237
Capital assets, net	31,510,096
Prepaid expenses	<u>614,905</u>
Total assets	<u>58,723,691</u>
Deferred outflows of resources – pension related	<u>11,008,524</u>
LIABILITIES	
Current Liabilities:	
Accounts and other accrued payables	315,315
Interest payable	151,857
Non-current Liabilities:	
Due within one year	1,749,686
Due in more than one year	51,144,773
Pension liability	<u>19,435,849</u>
Total liabilities	<u>72,797,480</u>
Deferred inflows of resources – pension related	<u>2,490,519</u>
NET POSITION	
Net invested in capital assets, net of related debt	14,120,096
Restricted for debt service	306,050
Unrestricted	<u>(19,981,930)</u>
Total net position	<u>\$ (5,555,784)</u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Statement of Activities
Year Ended June 30, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public Safety	\$ (43,392,916)	\$ 8,835,862	\$ 233,392	\$ (34,323,662)
Interest on long-term debt	(550,873)	-	-	(550,873)
Total	\$ (43,943,789)	\$ 8,835,862	\$ 233,392	(34,874,535)
General revenues:				
Taxes -				
Property taxes levied for general purposes				26,640,809
Grants and contributions not restricted to specific programs				3,526,830
Other – related to pension transition				1,921,572
Video poker				297,671
Interest earnings				131,963
Gain on disposition of capital assets				30,630
Miscellaneous				218,379
Total general revenues				32,767,854
Change in net position (decrease)				(2,106,681)
Net position at beginning of year				(3,449,103)
Net position at end of year				\$ (5,555,784)

See accompanying notes to basic financial statements.

FUND FINANCIAL STATEMENTS

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Balance Sheet – Governmental Funds
June 30, 2017

ASSETS

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 10,188,767	\$ 306,050	\$ 10,494,817
Investments	14,893,206	-0-	14,893,206
Receivables:			
Due from other governmental units	127,440	-0-	127,440
Other	1,055,991	-0-	1,055,991
Inventory	27,237	-0-	27,237
Prepaid expenses	<u>614,905</u>	<u>-0-</u>	<u>614,905</u>
Total assets	\$ <u>26,907,546</u>	\$ <u>306,050</u>	\$ <u>27,213,596</u>

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts and other accrued payables	\$ <u>315,315</u>	\$ <u>-0-</u>	\$ <u>315,315</u>
Total liabilities	<u>315,315</u>	<u>-0-</u>	<u>315,315</u>
Fund balance:			
Nonspendable	642,142	-0-	642,142
Restricted for debt service	-0-	306,050	306,050
Unassigned	<u>25,950,089</u>	<u>-0-</u>	<u>25,950,089</u>
Total fund balance	<u>26,592,231</u>	<u>306,050</u>	<u>26,898,281</u>
Total liabilities and fund balance	\$ <u>26,907,546</u>	\$ <u>306,050</u>	\$ <u>27,213,596</u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
HAHNVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 26,898,281
Amounts reported for governmental activities in the government - wide statement of net position are different because:		
The deferred outflows of contributions for the Sheriff's Pension and Relief Fund are not available resources and, therefore, are not reported in the governmental funds		
		11,008,524
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land and buildings	34,730,910	
Vehicles	7,988,800	
Equipment and office furnishings	<u>11,678,501</u>	
	54,398,211	
Less accumulation depreciation	<u>22,888,116</u>	
Capital assets, net		31,510,095
Long - term liabilities and other liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension liability	(19,435,849)	
Tax bonds	(17,390,000)	
Compensated absences payable	(921,116)	
Accrued interest payable	(151,857)	
Net other past employee benefits (OPEB) obligation	<u>(34,583,343)</u>	(72,482,165)
The deferred inflows of contributions for the Sheriff's Pension and Relief Fund are not payable from current expendable resources		
And, therefore, are not reported in the governmental funds		
		<u>(2,490,519)</u>
Total net position of governmental activities at June 30, 2017		\$ <u>(5,555,784)</u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem property taxes	\$ 26,640,809	\$ -0-	\$ 26,640,809
Intergovernmental:			
Federal and state grants	233,392	-0-	233,392
State revenue sharing - net	384,048	-0-	384,048
State supplemental pay	1,356,710	-0-	1,356,710
Parish supplemental pay	1,786,072	-0-	1,786,072
Video poker	297,671	-0-	297,671
Fees, charges, and commissions for services:			
Civil and criminal fees	1,126,658	-0-	1,126,658
Court attendance	20,264	-0-	20,264
Feeding and keeping prisoners	5,846,438	-0-	5,846,438
Transporting prisoners	44,143	-0-	44,143
Paid details	643,813	-0-	643,813
Vehicle use fees	183,723	-0-	183,723
Telephone commissions and other	970,823	-0-	970,823
Interest income	129,373	2,590	131,963
Miscellaneous:			
Contraband	65,821	-0-	65,821
Donations	65,898	-0-	65,898
Other	16,908	-0-	16,908
Unclaimed checks	<u>69,752</u>	<u>-0-</u>	<u>69,752</u>
Total revenues	<u>39,882,316</u>	<u>2,590</u>	<u>39,884,906</u>
Other financing sources:			
Transfers from other funds	-0-	1,652,049	1,652,049
Sale of assets	<u>50,444</u>	<u>-0-</u>	<u>50,444</u>
Total revenues and other financing sources	<u>39,932,760</u>	<u>1,654,639</u>	<u>41,587,399</u>
Expenditures:			
Current:			
Public safety:			
Personnel services and related benefits	30,213,953	-0-	30,213,953
Contracted services	1,906,253	-0-	1,906,253
Operation and maintenance	4,674,820	-0-	4,674,820
Debt service:			
Principal retirement	-0-	1,030,000	1,030,000
Interest and other charges	-0-	698,941	698,941
Capital outlay	<u>1,419,617</u>	<u>-0-</u>	<u>1,419,617</u>
Total expenditures	<u>38,214,643</u>	<u>1,728,941</u>	<u>39,943,584</u>
Other financing uses:			
Transfer to other funds	<u>1,652,049</u>	<u>-0-</u>	<u>1,652,049</u>
Total expenditures and other financing uses	<u>39,866,692</u>	<u>1,728,941</u>	<u>41,595,633</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	66,068	(74,302)	(8,234)
Fund balances at beginning of year	<u>26,526,163</u>	<u>380,352</u>	<u>26,906,515</u>
Fund balances at end of year	<u>\$ 26,592,231</u>	<u>\$ 306,050</u>	<u>\$ 26,898,281</u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
HAHNVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Government-Wide Statement of Activities
Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Fund		\$ (8,234)
Amounts reported for governmental activities in the government-wide statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the government - wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$1,419,617	
Depreciation expense for the year ended June 30, 2016	<u>(2,200,066)</u>	(780,449)
Cost less accumulated depreciation on capital assets sold		(19,814)
Tax Bond principal retirement not considered an expense on Statement of Activities		1,105,000
Difference between interest on long - term debt on modified accrual basis versus interest on long - term debt on an accrual basis		(148,068)
Excess of compensated absences earned over compensated absences used		92,988
Other income related to implementation of pension liability		1,921,572
Other past employee benefits (OPEB) contributions are recorded as expenditures when paid by the General Fund. This is the amount that the annual required contribution (ARC) exceeded the actual contribution		<u>(4,269,676)</u>
Total change in net position of Governmental Activities at June 30, 2017		\$ <u>(2,106,681)</u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Statement of Fiduciary Net Position
June 30, 2017

	ASSETS	Agency Funds
Cash and cash equivalents	\$	2,956,970
Investments		<u>8,226</u>
Total assets	\$	<u>2,965,196</u>
	LIABILITIES	
Due to General Fund	\$	7,388
Due to taxing bodies, prisoners and others		<u>2,957,808</u>
Total liabilities		<u>2,965,196</u>
	NET POSITION	
Net position	\$	<u><u>-0-</u></u>

See accompanying notes to basic financial statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements

Introduction

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

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

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, fines, costs, and bond forfeitures imposed by the district court.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, activities, etc., that are controlled by the Sheriff as an independently elected parish official. There are no component units included or required to be included as part of the financial reporting entity. The Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursements 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 the local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

The accompanying basic financial statements of the St. Charles Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

During the year ended June 30, 2015 the St. Charles Parish Sheriff adopted the provisions of GASB No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (which is shown on page 27).

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary Funds of the Sheriff (which are shown on pages 56-58) are excluded from the presentation of the Government-Wide Financial Statements.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain his financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund might be considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. All of the governmental funds of the Sheriff are considered to be major funds. The funds of the Sheriff are described in the following paragraph.

Governmental Funds

General Fund - This fund is the primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Sheriff's policy.

Debt Service Fund - This fund is used to account for the accumulation of resources for the payment of bond principal and interest.

Capital Projects Fund - This fund is used to account for the acquisition and construction of major capital facilities.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting - Continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reporting using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem property taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of each year.

Intergovernmental revenues, and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

Deferred Inflows/Outflows of Resources

The Sheriff reports deferred inflows/outflows of resources when potential revenue or expenditures do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the Sheriff before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue/expenditure recognition criteria are met deferred inflows/outflows of resources are removed and revenue/expenditure are recognized.

D. Budgets

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

1. The chief civil deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted on June 23, 2016 and as finally amended on June 1, 2017.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

E. Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

F. Investments

Under state law, the Sheriff may invest in United States bonds, treasury notes, treasury bills, any other federally insured investment or Louisiana Asset Management Pool, Inc. (LAMP). LAMP operates under Louisiana law as a cooperative endeavor to assist local Louisiana governmental entities in the investment of cash balances. LAMP invests in obligations issued by the U.S. Government, its agencies, and instrumentalities. LAMP is subject to regulatory oversight of the state treasurer and its board of directors. Audited financial statements are available from LAMP.

Investments which mature in 90 days or less from the date acquired are classified as cash equivalents. Investments are stated at cost or at amortized cost which approximates fair value.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Inventory

The inventory is stated at cost, which is determined by the first-in, first-out method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed or used. The reported inventory is equally offset by a fund balance reserve which indicates that it does not constitute an "available spendable resource" even though it is a component of total assets.

I. Prepaid Items

Prepaid balances are for payments made by the Sheriff in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Buildings	20-50
Vehicles	5
Equipment and office furnishings	5-7

K. Compensated Absences

Employees of the Sheriff's office earn from 4 to 20 hours per month of vacation leave depending on total years of service and number of hours worked. The maximum vacation leave carryover allowed on September 1st of each year is 120 hours unless otherwise approved. Unused vacation leave is payable upon termination of employment. Employees earn from 6 to 10 hours per month of sick leave depending on total years of service. Sick leave may be accumulated; however, if an employee resigns, or is terminated, the accumulated sick leave is forfeited. If an employee retires with 15 or more years of service with the St. Charles Parish Sheriff's Office and meets the retirement requirements of the Louisiana Sheriff's Pension and Relief Fund, the employee may apply for Terminal Leave. Terminal Leave is a period of time immediately prior to retirement and is compensated at the rate of the employee's current salary. Terminal Leave is credited at 50% of the employee's sick leave balance up to a maximum of 1,040 hours. Employees who retire and do not meet the eligibility requirements for Terminal Leave forfeit the accumulated sick leave.

In lieu of payment for overtime work, some non-enforcement employees (principally clerical) accrue compensatory leave. The limitation on the amount of compensatory leave which may be accrued is 240 hours in accordance with The Fair Labor Standards Act. Employees who exceed this limit are paid overtime. Upon termination of employment, payment is made for unused compensatory leave.

At June 30, 2017, the accrued accumulated and vested vacation and compensatory leave was \$921,116.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

L. Net Position

Net position comprise the various net earnings from revenues and expenses. Net position are classified in the following components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”
- d. The Sheriff applies GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

M. Fund Equity

In the fund financial statements, governmental fund equities are classified in the following categories: *Nonspendable* – amounts that are not expected to be converted to cash; *Restricted* – amounts that may be used only for a specific purpose because of constitutional or externally imposed constraints; and *Unassigned* – the residual equity which is available for future appropriation and use.

N. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

O. Estimates

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

P. Pension and Relief Fund

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

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

Basis of Accounting:

The Sheriffs Pension and Relief Fund's employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

During the year ended June 30, 2014, the Fund adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan. The provisions of this statement were retroactively applied to the fiscal year ended June 30, 2013.

Fund Employees:

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

P. Pension and Relief Fund - continued

Plan Fiduciary Net Position:

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

(2) Cash and Cash Equivalents

At June 30, 2017, the sheriff had cash and cash equivalents (book balances) totaling \$13,145,737 as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Interest-bearing demand deposits	\$10,185,067	\$ 2,956,450	\$13,141,517
Non-interest-bearing demand deposits	-0-	520	520
Cash on hand (petty cash and change funds)	<u>3,700</u>	<u>-0-</u>	<u>3,700</u>
Total	<u>\$10,188,767</u>	<u>\$ 2,956,970</u>	<u>\$13,145,737</u>

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

At June 30, 2017, the sheriff had \$14,374,177 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance (F.D.I.C.) and \$13,880,039 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3), except as described below:

As of June 30, 2017, the sheriff had an account at a local bank totaling \$272,360 of which \$250,000 was secured by F.D.I.C. insurance with the remaining balance of \$22,360 unsecured.

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB Statement 3, Louisiana Revised Statutes 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Investments

At June 30, 2017 the Sheriff's investments totaled \$14,901,431 as follows:

	Governmental Funds	Fiduciary Funds	Total
LAMP, at amortized cost	\$ 14,370,845	\$ -0-	\$ 14,370,845
Time deposits, at cost	250,000	8,226	258,226
Other deposits, at cost	272,360	-0-	272,360
Total	\$ 14,893,205	\$ 8,226	\$ 14,901,431

The Sheriff can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Sheriff's investments are categorized to give an indication of the level of risk assumed by the Sheriff at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Sheriff or his agent in the Sheriff's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Sheriff's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Sheriff's name.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by the GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc.; a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purpose of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments, that fall within the definitions of said statement, be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange and Commission's (SEC's) Rule 2a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Property Taxes

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the parish government in June and are actually billed to the taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the tax assessor of St. Charles Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions. Ad valorem property taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2017 law enforcement taxes applicable to the Sheriff's General Fund were levied at the rate of 21.58 mills on property with assessed valuations totaling \$1,332,607,625.

The activity of the tax collections and disbursements are shown in the supplemental information section of this report under "Agency Funds." The Tax Collector Agency Fund as of year end contained \$56,926 of "unsettled balances."

The unsettled balances of \$56,926 due to taxing bodies and others at June 30, 2017 consist of \$8,224 in protested taxes, \$48,643 in prior years taxes, and \$59 in interest.

The Schedule of Collections, Distributions and Unsettled Balances for the year ended June 30, 2017 is as follows:

Unsettled balances at July 1, 2016	\$ <u>810,489</u>
Collections:	
Ad valorem property taxes	144,879,639
State revenue sharing (See note below)	1,036,234
Parish occupational licenses	1,574,344
Interest earned	65,988
Tax notices, costs, etc.	18,655
Other	<u>1,062,032</u>
Total collections	<u>148,636,892</u>
Total available for distributions	<u>149,447,381</u>
Distributions:	
St. Charles Parish:	
Assessor	1,782,507
Clerk of Court	4,962
Council	37,459,860
Hospital Service District	6,796,686
School Board	67,234,218
Sheriff	27,282,317
State of Louisiana:	
Lafourche Levee District	2,281,089
State Treasury - Ponchartrain Levee District	2,095,793
Refunds and redemptions	414,474
Pension funds	<u>4,038,549</u>
Total distributions	<u>149,390,455</u>
Unsettled balances at June 30, 2017	\$ <u>56,926</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Property Taxes - continued

The Schedule of Uncollected Taxes for the year ended June 30, 2017 is as follows:

<u>AD VALOREM TAXES-CURRENT YEAR</u>	<u>UNCOLLECTED PER RECORD</u>
Assessor's Tax	\$ 3,906
Fire Protection M & O	4,239
Parish Courthouse Bonds	8,782
Hospital Bonds	6,870
Hospital Bonds	2,853
Hospital Bonds	1,219
Hospital Bonds	2,355
Public Hospital M & O	2,327
Parish Health Unit	1,773
Law Enforcement I	49,313
Mosquito Control	3,047
Council on Aging	2,659
Library M & O	12,328
Parish Recreation I	8,366
Public Sewerage Bonds	3,075
Public Roads	16,733
Road Lighting District	2,853
School Bonds	25,299
School Const. & Improv	13,214
School Maintenance	115,970
E-911 Telephone Service M & O	2,743
Lafourche Basin Levee	7,100
Pontchartrain Levee	3,069
Law Enforcement II	10,472
Levees & Protection	11,276
ARC	1,939
Waste Water Facility	3,020
Total Uncollected	<u>\$ 326,800</u>

The Schedule of Categories of Uncollected Taxes for the year ended June 30, 2017 is as follows:

<u>Total</u>	<u>LTC</u>	<u>Adjudications</u>	<u>Refunds</u>
\$326,800	\$304,710	\$8,341	\$13,749

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Property Taxes - continued

Note - The state revenue sharing funds provided by Act 641 of 2006, which were received during the year ended June 30, 2017 were deposited in the Tax Collector Agency Fund and allocated among the taxing bodies as follows:

St. Charles Parish:	
Assessor	\$ 31,956
Community Service	30,000
Council	186,294
Hospital Service District	24,250
School Board	278,307
Sheriff:	
Law Enforcement District	281,026
Commission on collection	103,021
Lafourche Basin Levee District	42,396
Pension Funds	19,111
Ponchartrain Levee District	<u>39,873</u>
Total	<u>\$ 1,036,234</u>

(5) Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2017, all of which were subsequently collected, consisted of the following:

New Orleans Aviation Board	\$ 4,592
St. Charles Parish Council	31,477
State of Louisiana	55,736
U.S. Treasury	<u>35,635</u>
	<u>\$ 127,440</u>

(6) Other Receivables

Other receivables are comprised of the following, all of which were collected subsequent to June 30, 2017.

Due from Fiduciary Funds	\$ 28,610
Accrued interest	1,147
Other accrued revenues	<u>1,026,233</u>
	<u>\$1,055,990</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017 are as follows:

<u>Governmental Activities</u>	Balance, July 1, 2016	Additions	Reductions	Balance, June 30, 2017
Land	\$ 900,694	\$ -0-	\$ -0-	\$ 900,694
Buildings	33,830,216	-0-	-0-	33,830,216
Vehicles	7,422,198	818,005	251,403	7,988,800
Equipment and office furnishings	<u>11,080,769</u>	<u>601,612</u>	<u>3,880</u>	<u>11,678,501</u>
Total	<u>53,233,877</u>	<u>1,419,617</u>	<u>255,283</u>	<u>54,398,211</u>
Less accumulated depreciation:				
Buildings	6,606,916	854,239	-0-	7,461,155
Vehicles	5,223,620	752,989	231,589	5,745,020
Equipment and office furnishings	<u>9,092,983</u>	<u>592,838</u>	<u>3,880</u>	<u>9,681,941</u>
Total	<u>20,923,519</u>	<u>2,200,066</u>	<u>235,469</u>	<u>22,888,116</u>
Capital assets, net	<u>\$ 32,310,358</u>	<u>\$ (780,449)</u>	<u>\$ 19,814</u>	<u>\$ 31,510,095</u>

Depreciation expense for the years ended June 30, 2017 and 2016 were \$ 2,200,066 and \$2,262,192, respectively.

(8) Pension and Deferred Compensation Plans

Employees of the St. Charles Parish Sheriff participate in a pension plan and a deferred compensation plan, which is described in the following sections. The Sheriff's office implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB 68. These standards require the Sheriff's office to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

- A. PLAN DESCRIPTION: The St. Charles Parish Sheriff contributes to the Sheriffs' Pension and Relief Fund, a cost-sharing multiple employer defined benefit pension plan administered by the Sheriffs' Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits for employees of sheriffs' offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association and the employees of the Fund. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

A. PLAN DESCRIPTION – (Continued)

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.

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

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

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

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

Disability Benefits: A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the 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.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

A. PLAN DESCRIPTION – (Continued)

Survivor Benefits: Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the 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.

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

A. PLAN DESCRIPTION – (Continued)

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

B. EMPLOYER CONTRIBUTIONS:

According to state statute, contributions requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 14.25% with an additional 0% allocated from the Funding Deposit Account.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special finding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2017.

C. SCHEDULE OF EMPLOYER ALLOCATIONS:

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

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year. The employers' projected contribution effort was actuarially determined by the Fund's actuary, G.S. Curran & Company.

D. SCHEDULE OF PENSION AMOUNTS BY EMPLOYEE:

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

E. ACTUARIAL METHODS AND ASSUMPTIONS:

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

The components of the net position liability of all the entire Fund's employers as of June 30, 2016 are as follows:

	<u>2016</u>
Total Pension Liability	\$ 3,545,155,452
Plan Fiduciary Net Position	<u>2,910,465,956</u>
Total Net Pension Liability	<u>\$ 634,689,496</u>

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.6%, net of investment expense
Projected Salary Increases	5.5% (2.875% Inflation, 2.625% Merit)
Mortality Rates	RP-2000 Disabled Lives Mortality Table RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for Active Members, Healthy Annuitants and Beneficiaries
Expected Remaining Service Lives	2016 – 7 years 2015 – 6 years 2014 – 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board to Trustees as they were deemed not to be substantively automatic.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

E. ACTUARIAL METHODS AND ASSUMPTIONS:

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

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

The mortality rate assumptions were set after reviewing an experience study performed over the period July 1, 2004 through June 30, 2009. 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 discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

F. SENSITIVITY TO CHANGES IN DISCOUNT RATE:

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

	Changes in Discount Rate:		
	2016		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	<u>\$1,076,815,425</u>	<u>\$634,689,496</u>	<u>\$269,766,988</u>

G. CHANGE IN NET PENSION LIABILITY:

The changes in the net position liability for the year ended June 30, 2016 were recognized in the current reporting period except as follows:

Difference between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources as of June 30, 2016 as follows:

	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Pension Expense <u>(Benefit)</u>	June 30, 2016	
				Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
2016	\$ -	\$ 30,213,211	\$ (4,316,173)	\$ -	\$ 25,897,038
2015	-	20,191,964	(4,038,393)	-	16,153,571
2014	-	32,695,062	(8,173,766)	-	24,521,296
			Totals	<u>\$ -</u>	<u>\$ 66,571,905</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

G. CHANGE IN NET PENSION LIABILITY:

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2016 as follows:

	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Pension Expense <u>(Benefit)</u>	June 30, 2016		
				Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Net Deferred <u>Inflows</u>
2016	\$ 232,843,968	\$ -	\$ 46,568,794	\$186,275,174	\$ -	\$ 186,275,174
2015	87,047,497	-	21,761,874	65,285,623	-	65,285,623
2014	-	138,903,977	(46,301,326)	-	92,602,651	(92,602,651)
			Totals	\$251,560,797	\$ 92,602,651	\$(158,958,146)

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources as of June 30, 2015 as follows:

	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Pension Expense <u>(Benefit)</u>	June 30, 2016	
				Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
2016	\$ 39,348,710	\$ -	\$ 5,621,244	\$ 33,727,466	\$ -
2015	655,622	-	131,124	524,498	-
2014	23,466,933	-	5,866,734	17,600,199	-
			Totals	\$ 51,852,163	\$ -

Change in Proportion:

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

H. CONTRIBUTIONS – PROPORTIONATE SHARE:

Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance at July 1, 2016	\$ 4,231,565	\$ 3,736,024
Reversal of prior year entry for contributions subsequent to measurement period	3,164,559	-0-
Change in deferred inflows from prior year	-0-	(1,245,505)
Amortizations of deferred outflows	(53,685)	-0-
Contributions subsequent to the measurement date	3,666,085	-0-
Total	\$ 11,008,524	\$ 2,490,519
Proportionate Share of Employer Contributions	\$2,878,412	
Proportionate Share of Non-Employer Contributions	\$1,189,550	

Schedule of Remaining Amortization

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
\$436,692	\$436,692	\$1,854,559	\$1,409,440	\$93,125	\$93,124	\$4,323,632

I. ESTIMATES:

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Pension and Deferred Compensation Plans – Continued

J. FUNDING POLICY:

Plan members are required to contribute 10.25% (of which the employee contributes 7% and the Sheriff contributes 3.25%) of their annual covered salary. In addition, the St. Charles Parish Sheriff is also required to contribute at an actuarially determined rate. The actuarially determined rate for the year ended June 30, 2017 was 13.25% of annual covered payroll. The contribution requirements of plan members and the St. Charles Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. The St. Charles Parish Sheriff's total contributions to the retirement plan for the years ended June 30, 2017, 2016 and 2015 were \$3,666,085, \$3,554,872, and \$3,471,510, respectively.

K. DEFERRED COMPENSATION PLAN:

During 2001, the Sheriff's office adopted for its full time employees an I.R.C. 457 Deferred Compensation Plan. The Plan is unqualified, and allows for matching contributions by the Sheriff of up to \$8,750 per employee per year. Matching amounts are considered taxable to the employee for purposes of social security and medicare, but not for federal or state taxation. Amounts expended by the Sheriff's office for matching contributions for the years ended June 30, 2017, 2016 and 2015 were \$703,938, \$719,172 and \$637,206, respectively.

L. RETIREMENT FUND AUDIT REPORT:

The Sheriffs' Pension and Relief Fund has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report, and their summary report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov. The report may also be obtained by writing to the Sheriff's Pension and Relief Fund., 6554 Florida Blvd. Suite 215, Baton Rouge, LA 70806.

(9) Post-retirement Health Care and Life Insurance Benefits

The Sheriff administers and provides certain continuing health care and life insurance benefits for his retired employees. The plan is a defined benefit single employer plan. Substantially all of the Sheriff's employees become eligible for those benefits if they reach normal retirement age while working for the Sheriff. At June 30, 2017, seventy employees were receiving benefits under this plan. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Sheriff. Under State Statutes, the Sheriff is required to pay 100% of the premium costs. The Sheriff's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid which is in effect a "pay-as-you-go" basis. For the years ended June 30, 2017, 2016 and 2015, the total monthly premiums paid were \$725,256, \$699,146 and \$334,380, respectively.

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Post-retirement Health Care and Life Insurance Benefits - Continued

In the year ended June 30, 2009, the Sheriff prospectively implemented the Governmental Accounting Standards Board (GASB) Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". This statement requires the accrual of postemployment benefits for active and retired employees. Based on an actuarial valuation, the required annual contribution for the year ended June 30, 2016 was recorded and is included in the Statement of Net Position, however funding for this benefit is on a pay-as-you-go funding basis as indicated in the preceding paragraph. The components of the annual required contribution and changes in the balance of the net other post-employee benefits (OPEB) obligation for the year ended June 30, 2017 and for each of the two preceding years are summarized as follows:

	2017	2016	2015
Normal cost	\$ 2,571,793	\$ 2,571,793	\$ 2,614,584
Amortization over 30 level annual payments of the unfunded actuarial accrued liability (UAAL)	<u>2,963,634</u>	<u>2,856,140</u>	<u>2,612,855</u>
Annual required contribution (ARC)	5,535,427	5,427,933	5,227,439
Interest on prior year net OPEB obligation	1,212,547	1,040,784	860,402
Adjustments to ARC	(1,753,042)	(1,475,495)	(1,243,929)
Less contribution made	<u>(725,256)</u>	<u>(699,146)</u>	<u>(334,380)</u>
Increase in net OPEB obligation	4,269,676	4,294,076	4,509,532
Net OPEB obligation at beginning of year	<u>30,313,667</u>	<u>26,019,591</u>	<u>21,510,059</u>
Net OPEB obligation at end of year	<u>\$34,583,343</u>	<u>\$30,313,667</u>	<u>\$26,019,591</u>

The actual contribution made for the year ended June 30, 2017 was 13.19% of the annual required contribution for that year. The plan has not been funded on an actuarial basis since its inception in the year ended June 30, 1998. An actuarial valuation made for the fiscal year ended June 30, 2017 determined that the unfunded actuarial accrued liability (UAAL) was \$49,468,405. The actuarial assumptions reflect long-term assumptions and are subject to change.

(10) Changes in Agency Balances

A summary of changes in the total liabilities of the various agency fund follows:

	Civil Fund	Tax Collector Fund	Bonds and Fines Fund	Prison Inmate Fund	Work Release Fund
Balances, July 1, 2015	\$ 47,209	\$ 810,489	\$ 2,581,281	\$ 148,845	\$ 32,540
Additions	1,181,148	148,636,894	5,738,225	796,947	434,859
Reductions	<u>(1,182,123)</u>	<u>(149,390,457)</u>	<u>(5,642,333)</u>	<u>(801,688)</u>	<u>(426,640)</u>
Balances, June 30, 2016	<u>\$ 46,234</u>	<u>\$ 56,926</u>	<u>\$ 2,677,173</u>	<u>\$ 144,104</u>	<u>\$ 40,759</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Long-Term Debt

A) Tax Bonds Outstanding

In July 2009, the Sheriff sold \$15,620,000 of tax bonds (Series 2009 A & B) of which \$8,823,000 was used for refunding the Series 1999 revenue bonds that were issued in 1999 for construction of the Correctional Facility. The balance of the proceeds from the Series 2009 A & B bonds was used for the construction of a Law Enforcement Complex which was completed during the year ended June 30, 2011. Interest rate on the Series 2009 A & B bonds ranges from 2.00% to 4.10%.

On September 1, 2016 the Series A & B tax bonds were partially refunded in the amount of \$8,875,000, with a discount of \$75,000 to leave a remaining balance of \$2,620,000.

Payments from inception to maturity on March 1, 2020 are as follows:

<u>Date</u>	<u>Description</u>	<u>Principal</u>	<u>Principal Total</u>	<u>Interest</u>	<u>Total</u>
6/30/16	Beginning Balance	N/A	\$11,570,000	N/A	
9/01/16	Refunding	\$8,875,000	2,695,000	N/A	
9/01/16	Discount	75,000	2,620,000	\$257,408	
3/01/17	Payment	695,000	1,925,000	51,233	
3/01/18	Payment	715,000	1,210,000	76,750	
3/01/19	Payment	745,000	465,000	48,865	
3/01/20	Payment	465,000	-0-	19,065	

On September 1, 2016, as mentioned above, the 2016 Tax Refunding Bond Issue was completed in the amount of \$8,875,000 for the purpose of refunding the Series A & B tax bonds. The annual debt service requirements on the 2016 Tax Refunding Bond Issue for the next five years and thereafter in five year increments to the final maturity date on March 1, 2029 follows:

<u>Year ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	292,750	40,000	332,750
2019	292,350	40,000	332,350
2020	288,700	345,000	633,700
2021	276,950	830,000	1,106,950
2022	260,150	850,000	1,110,150
2023-2027	878,825	4,625,000	5,503,825
2028-2029	85,100	2,105,000	2,190,100
Total	\$ 2,374,825	\$ 8,835,000	\$ 11,209,825

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Long-Term Debt – Continued

In January 2014, the Sheriff sold \$7,500,000 of tax bonds (Limited Tax Bonds Series 2014) which were being used for construction of the Law Enforcement Training Center. The interest rate on the Limited Tax Bonds Series 2014 ranges from 2.00 to 4.35. During the year ended June 30, 2016, the construction of the center was completed, at a total cost (excluding land) of \$7,261,590.

The annual debt service requirements on the Limited Tax Bonds Series 2014 the next five years and thereafter in five year increments to the final maturity date on March 1, 2034 follows:

<u>Year ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	237,726	300,000	537,726
2019	231,726	310,000	541,726
2020	225,526	315,000	540,526
2021	216,076	325,000	541,076
2022	206,326	335,000	541,326
2023-2027	870,219	1,830,000	2,700,219
2028-2032	496,240	2,200,000	2,696,240
2033-2034	66,030	1,015,000	1,081,030
Total	<u>\$ 2,549,869</u>	<u>\$ 6,630,000</u>	<u>\$ 9,179,869</u>

Total debt service requirement on the Series 2009 A & B Tax Bonds, The Limited Tax Bonds Series 2014 and the 2016 tax refunding bonds for the next five years and thereafter in five year increments to the final maturity date on March 1, 2034 follows:

<u>Year ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2018	607,226	1,055,000	1,662,226
2019	572,941	1,095,000	1,667,941
2020	533,291	1,125,000	1,658,291
2021	493,026	1,155,000	1,648,026
2022	466,476	1,185,000	1,651,476
2023-2027	1,749,044	6,455,000	8,204,044
2028-2032	581,340	4,305,000	4,886,340
2033-2034	66,030	1,015,000	1,081,030
Total	<u>\$ 5,069,374</u>	<u>\$ 17,390,000</u>	<u>\$ 22,459,374</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

B) Compensated Absences

During the year ended June 30, 2017, the following changes occurred in non-current liabilities reported in the Statement of Net Position.

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/17</u>	<u>Current</u> <u>Portion</u>
Compensated absences:					
Vacation leave	\$ 789,971	\$ 1,246,584	\$ 1,161,951	\$ 874,604	\$ 87,460
Compensatory time	<u>38,312</u>	<u>8,200</u>	<u>-0-</u>	<u>46,512</u>	<u>-0-</u>
	828,283	1,254,784	1,161,951	921,116	87,460
Net other post employee benefit (OPEB) obligation	30,313,667	6,747,974	2,478,298	34,583,343	-0-
Tax bonds	<u>18,495,000</u>	<u>-0-</u>	<u>1,105,000</u>	<u>17,390,000</u>	<u>1,662,226</u>
Total	\$ <u>49,636,950</u>	\$ <u>8,002,758</u>	\$ <u>4,745,249</u>	\$ <u>52,894,459</u>	\$ <u>1,749,686</u>

*The components of the net decrease in compensatory time were not readily determinable.

(12) Litigation and Claims

At June 30, 2017, the Sheriff is involved in several lawsuits claiming damages. For many of the cases, in the opinion of the Sheriff's management, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage. For those cases which are estimated to exceed insurance coverage, an accrual is recorded in the general fund.

(13) Lease Obligations

The Sheriff is committed under various leases for office space, copy machines, and other equipment.

The leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2017 amounted to \$120,259. Future minimum lease payments for these leases are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2018	\$ 123,314
2019	\$ 123,314
2020	\$ 123,314
2021	\$ 123,314
2022	\$ 123,314

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Notes to Basic Financial Statements (Continued)

(14) Risk Management

The Sheriff is exposed to risks of loss in areas of general and auto liability, property hazards, and workers' compensation. Those risks are covered by purchasing commercial insurance. During the year ended June 30, 1998, the Sheriff implemented a risk management program. Under this program a loss fund was established to cover a self-insured retention (SIR) of \$10,000 for property damage and \$125,000 for third party liability per occurrence. Claims in excess of the SIR are payable by the insurance company. The loss fund had a balance of \$555,496 at June 30, 2017 and is included as part of the cash and cash equivalents in the accompanying financial statements.

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

The Sheriff's office is located in the parish courthouse. The costs of maintaining and operating the parish courthouse, as required by statute, is paid by the St. Charles Parish Council. These expenditures are not included in the accompanying financial statements.

(16) On-Behalf Payments for Salaries

Qualified employees of the Sheriff's office receive a monthly salary supplement from either the state or the parish. These supplements which aggregated \$3,142,782 for the year ended June 30, 2017 are reported as revenue and expenditures in the accompanying financial statements.

(17) Evaluation of Subsequent Events

The Sheriff's office has evaluated subsequent events through December 20, 2017, the date the financial statements were available to be issued, and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016
2017

	Budget		Actual	Variance With Final Budget Positive (Negative)	2016 Actual
	Original	Final			
Revenues:					
Ad valorem property taxes	\$ 25,050,000	\$ 26,700,000	\$ 26,640,809	\$ (59,191)	\$ 26,558,522
Intergovernmental:					
Federal and state grants	153,000	202,800	233,392	30,592	126,441
State revenue sharing – net	272,000	370,000	384,048	14,048	368,529
State supplemental pay	1,305,000	1,345,000	1,356,710	11,710	1,315,141
Parish supplemental pay	1,900,000	1,885,000	1,786,072	(98,928)	1,946,075
Video poker	295,000	265,000	297,671	32,671	294,037
Fees, charges, and commissions for services:					
Civil and criminal fees	1,236,700	1,084,308	1,126,658	42,350	1,287,951
Court attendance	21,000	20,000	20,264	264	20,706
Feeding and keeping prisoners	5,700,000	5,900,000	5,846,438	(53,562)	5,701,829
Transporting prisoners	37,000	49,000	44,143	(4,857)	35,337
Paid details	610,000	640,000	643,813	3,813	710,417
Vehicle use fees	180,000	185,000	183,723	(1,277)	180,050
Telephone commissions and other	746,500	933,000	970,823	37,823	1,022,616
Interest income	75,890	126,540	129,373	2,833	74,635
Miscellaneous:					
Contraband	22,000	69,000	65,821	(3,179)	31,995
Donations	28,468	35,468	65,898	30,430	8,826
Bond-Cost of Insurance	-0-	115,844	-0-	(115,844)	-0-
Unclaimed checks	15,000	70,000	69,752	(248)	-0-
Other	<u>1,200</u>	<u>1,770</u>	<u>16,908</u>	<u>15,138</u>	<u>51,327</u>
Total revenues	37,648,758	39,997,730	39,882,316	(115,414)	39,734,434
Other financing sources (uses):					
Transfer to other fund	(1,748,441)	(1,777,834)	(1,652,049)	125,785	(1,747,691)
Sale of assets	<u>40,000</u>	<u>25,000</u>	<u>50,444</u>	<u>25,444</u>	<u>34,910</u>
Total revenues and other financing sources	<u>35,940,317</u>	<u>38,244,896</u>	<u>38,280,711</u>	<u>35,815</u>	<u>38,021,653</u>
Expenditures:					
Current:					
Public Safety:					
Personal services and related benefits	29,933,041	30,404,861	30,213,953	(190,908)	28,312,744
Contracted services	1,952,000	1,956,500	1,906,253	(50,247)	1,925,361
Operation and maintenance	5,064,752	4,838,852	4,674,820	(164,032)	4,960,591
Capital outlay	<u>1,285,000</u>	<u>1,396,150</u>	<u>1,419,617</u>	<u>23,467</u>	<u>1,321,741</u>
Total expenditures	<u>38,234,793</u>	<u>38,596,363</u>	<u>38,214,643</u>	<u>(381,720)</u>	<u>36,520,437</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(2 294,476)	(351,467)	66,068	417,535	1,501,216
Fund balance at beginning of year	<u>25,573,216</u>	<u>26,526,163</u>	<u>26,526,163</u>	<u>-0-</u>	<u>25,024,947</u>
Fund balance at end of year	\$ <u>23,278,740</u>	\$ <u>26,174,696</u>	\$ <u>26,592,231</u>	\$ <u>417,535</u>	\$ <u>26,526,163</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of Expenditures Compared to Budget (GAAP Basis) - General Fund
Year Ended June 30, 2017

With Comparative Actual Amounts for Year Ended June 30, 2016
2017

	Budget		Actual	Variance With Final Budget Positive (Negative)	2016 Actual
	Original	Final			
Current:					
Public Safety:					
Personnel services and related benefits:					
Sheriff's salary	\$ 156,041	\$ 159,361	\$ 159,361	\$ -0-	\$ 156,041
Deputies' salaries	21,260,500	21,566,500	21,445,849	(120,651)	20,245,553
Cell phone stipend	70,500	70,000	71,348	1,348	70,406
Vacation	45,000	110,000	108,899	(1,101)	51,731
Terminal leave	130,000	93,000	105,114	12,114	107,120
Deferred compensation	760,000	708,000	703,938	(4,062)	719,172
Pension and payroll taxes	3,981,000	4,073,000	4,002,975	(70,025)	3,874,958
Hospitalization/life insurance	<u>3,530,000</u>	<u>3,625,000</u>	<u>3,616,469</u>	<u>(8,531)</u>	<u>3,087,763</u>
	<u>29,933,041</u>	<u>30,404,861</u>	<u>30,213,953</u>	<u>(190,908)</u>	<u>28,312,744</u>
Contracted services:					
Liability insurance	1,470,000	1,330,000	1,334,631	4,631	1,378,930
Attorney fees	30,000	80,000	21,892	(58,108)	15,892
Other professional services	297,000	398,500	380,222	(18,278)	336,655
Computer software	25,000	33,000	49,249	16,249	64,593
Rent/lease	<u>130,000</u>	<u>115,000</u>	<u>120,259</u>	<u>5,259</u>	<u>129,291</u>
	<u>1,952,000</u>	<u>1,956,500</u>	<u>1,906,253</u>	<u>(50,247)</u>	<u>1,925,361</u>
Operation and maintenance:					
Auto fuel	650,000	600,000	528,999	(71,001)	520,392
Auto repairs and maintenance	450,000	434,000	392,017	(41,983)	381,329
Building maintenance	171,000	170,000	186,561	16,561	183,748
Community service	55,000	55,000	48,801	(6,199)	50,503
Crime lab	41,252	41,252	41,252	-0-	41,252
Criminal investigation	20,000	23,500	18,428	(5,072)	18,662
Deputy uniforms, supplies, etc.	426,000	492,000	487,671	(4,329)	494,116
Dues and subscriptions	65,000	65,000	60,198	(4,802)	69,674
Office supplies and expenses	1,120,000	943,000	947,743	4,743	1,183,501
Prisoner feeding and maintenance	1,125,200	912,200	905,634	(6,566)	1,040,309
Radio repairs	8,000	11,000	10,236	(764)	7,993
Telephone and utilities	843,000	938,000	933,690	(4,310)	850,130
Travel	25,000	60,000	52,724	(7,276)	69,309
Other	<u>65,300</u>	<u>93,900</u>	<u>60,866</u>	<u>(33,034)</u>	<u>49,673</u>
	<u>5,064,752</u>	<u>4,838,852</u>	<u>4,674,820</u>	<u>(164,032)</u>	<u>4,960,591</u>
Capital outlay:					
Purchase of vehicles	800,000	818,000	818,005	5	706,172
Purchase of radios and other equipment	<u>485,000</u>	<u>578,150</u>	<u>601,612</u>	<u>23,462</u>	<u>615,569</u>
	<u>1,285,000</u>	<u>1,396,150</u>	<u>1,419,617</u>	<u>23,467</u>	<u>1,321,741</u>
Total expenditures	\$ <u>38,234,793</u>	\$ <u>38,596,363</u>	\$ <u>38,214,643</u>	\$ <u>(381,720)</u>	\$ <u>36,520,437</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of the Employer's Proportionate Share
Of the Net Pension Liability
For the Year Ended June 30, 2017

Date	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Position Liability	Plan Fiduciary Net Position As a % of Total Pension Liability	Covered Employee Payroll	Employer's Net Position Liability As a % of Covered Employee Payroll
2017	\$108,561,913	\$ 89,126,064	\$ 19,435,849	82.10%	\$ 20,499,495	94.81%
2016	\$ 99,563,065	\$ 86,228,108	\$ 13,334,957	86.61%	\$ 20,499,495	65.05%
2015	\$ 93,296,247	\$ 81,489,345	\$ 11,806,902	87.34%	\$ 19,181,347	61.55%

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

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

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of the Employer's Pension Contributions
For the Year Ended June 30, 2017

Date	Actuarially Determined Contribution	Contributions In Relation to The Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As a Percentage Of Covered Payroll
2017	\$ 2,878,412	\$ 2,878,412	\$ -	\$ 20,499,495	14.0413%
2016	\$ 2,826,930	\$ 2,826,930	\$ -	\$ 20,499,495	13.7902%
2015	\$ 2,664,289	\$ 2,664,289	\$ -	\$ 19,181,347	13.8900%

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

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

**ST. CHARLES PARISH SHERIFF
HAHNVILLE, LOUISIANA**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFIT PLAN
June 30, 2017

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a/c) UAAL as a Percentage of Covered Payroll
6/30/2017	-0-	\$ 49,468,405	\$ 49,468,405	0%	\$ 20,499,495	241%
6/30/2016	-0-	\$ 49,468,405	\$ 49,468,405	0%	\$ 20,499,495	241%
6/30/2015	-0-	\$ 45,181,549	\$ 45,181,549	0%	\$ 19,181,347	236%
6/30/2014	-0-	\$ 45,181,549	\$ 45,181,549	0%	\$ 19,899,872	227%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	(a) Annual OPEB Cost	(b) Annual Contributed	(b/a) Percentage of Annual OPEB Costs Contributed	(a-b) Increase (Decrease) to Net OPEB Obligation	(PY+(a-b)) Net OPEB Obligation
6/30/2017	\$ 4,994,932	\$ 725,256	14.52%	\$ 4,269,676	\$ 34,583,343
6/30/2016	\$ 4,993,222	\$ 699,146	14.00%	\$ 4,294,076	\$ 30,313,667
6/30/2015	\$ 4,843,912	\$ 334,380	6.90%	\$ 4,509,532	\$ 26,019,591
6/30/2014	\$ 4,926,162	\$ 313,173	6.36%	\$ 4,612,989	\$ 21,510,059

OTHER SUPPLEMENTARY INFORMATION

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana
General Fund

Comparative Balance Sheet
June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$10,188,767	\$ 24,218,735
Investments	14,893,206	767,533
Receivables:		
Accrued interest	1,147	1,092
Due from other governmental units	127,440	130,082
Due from agency funds	28,610	50,722
Other	1,026,234	1,129,029
Inventory	27,237	27,623
Prepaid expenses	<u>614,905</u>	<u>586,074</u>
Total assets	<u>\$26,907,546</u>	<u>\$ 26,910,890</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts and other accrued payables	\$ <u>315,315</u>	\$ <u>384,727</u>
Total liabilities	<u>315,315</u>	<u>384,727</u>
Fund balance:		
Nonspendable	642,142	613,697
Unassigned	<u>25,950,089</u>	<u>25,912,466</u>
Total fund balance	<u>26,592,231</u>	<u>26,526,163</u>
Total liabilities and fund balance	<u>\$26,907,546</u>	<u>\$ 26,910,890</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana
Debt Service Fund

Balance Sheet
June 30, 2017

ASSETS	
Cash and cash equivalents	<u>\$306,050</u>
Total assets	<u>\$306,050</u>
FUND BALANCE	
Reserved for debt service	<u>\$306,050</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana
Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

Revenues:		
Interest income		\$ 2,590
Other financing sources:		
Proceeds from Sale of Revenue Bonds		8,875,000
Transfer from General Fund		<u>1,652,049</u>
Total revenues and other financing sources		10,529,639
Expenditures:		
Refunding of Prior Bond Issue	8,875,000	
Debt service:		
Principal	1,030,000	
Interest	<u>698,941</u>	
Total expenditures		<u>10,603,941</u>
Excess of expenditures over revenues and other financing sources		(74,302)
Fund balance at beginning of year		<u>380,352</u>
Fund balance at end of year		<u>\$ 306,050</u>

FIDUCIARY FUND TYPE - AGENCY FUNDS

DESCRIPTION OF FUND:

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

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

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

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

Prison Inmate Work Release Fund - To account for money earned by eligible inmate through the prison work release program.

ST. CHARLES PARISH SHERIFF
Hahnville Louisiana
Agency Funds

Combining Balance Sheet
June 30, 2017
With Comparative Total for June 30, 2016

	<u>Civil Fund</u>	<u>Tax Collector Fund</u>	<u>Bonds and Fines Fund</u>	<u>Prison Inmate Fund</u>	<u>Work Release Fund</u>	<u>Total</u>	
						2017	2016
ASSETS							
Cash and cash equivalents	\$ 46,234	\$ 48,700	\$2,677,173	\$ 144,104	\$ 40,759	\$2,956,970	\$ 2,843,263
Investments	<u>-0-</u>	<u>8,226</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,226</u>	<u>777,101</u>
Total assets	<u>\$ 46,234</u>	<u>\$ 56,926</u>	<u>\$2,677,173</u>	<u>\$ 144,104</u>	<u>\$ 40,759</u>	<u>\$2,965,196</u>	<u>\$ 3,620,364</u>
LIABILITIES							
Due to General Fund	\$ 10	\$ -0-	\$ 7,378	\$ -0-	\$ -0-	\$ 7,388	\$ 6,598
Due to taxing bodies and others	46,224	56,926	2,669,795	13,365	40,748	2,827,058	3,474,045
Due to inmates	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>130,739</u>	<u>11</u>	<u>130,750</u>	<u>139,721</u>
Total liabilities	<u>\$ 46,234</u>	<u>\$ 56,926</u>	<u>\$2,677,173</u>	<u>\$ 144,104</u>	<u>\$ 40,759</u>	<u>\$ 2,965,196</u>	<u>\$ 3,620,364</u>

ST. CHARLES PARISH SHERIFF
Hahnville Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2017
With Comparative Total for Year Ended June 30, 2016

	Civil Fund	Tax Collector Fund	Bonds and Fines Fund	Prison Inmate Fund	Work Release Fund	Total	
						2017	2016
Balances, beginning of year	\$ 47,209	\$ 810,489	\$ 2,581,281	\$ 32,540	\$ 148,845	\$ 3,620,364	\$ 3,953,946
Additions:							
Deposits -							
Sheriff's sales, suits and seizures	728,763	-	-	-	-	728,763	988,547
Garnishments	387,932	-	-	-	-	387,932	439,467
Advance deposits (suits)	64,300	-	-	-	-	64,300	75,400
Bonds and fines	-	-	5,730,847	-	-	5,730,847	4,923,197
Inmates	-	-	-	434,740	796,536	1,231,276	1,051,153
Taxes, fees, etc., paid to tax collector	-	148,636,894	-	-	-	148,636,894	150,221,678
Interest on investments	153	-	7,378	119	411	8,061	7,323
Total addition	<u>1,181,148</u>	<u>148,636,894</u>	<u>5,738,225</u>	<u>434,859</u>	<u>796,947</u>	<u>156,788,073</u>	<u>157,706,765</u>
Reductions:							
Taxes, fees, etc., distributed to taxing bodies and others	-	149,390,457	-	-	-	149,390,457	150,638,989
Deposits settled to -							
Sheriff's General Fund and Clerk of Court	194,158	-	884,833	-	-	1,078,991	1,191,723
Parish council	-	-	734,228	-	-	734,228	580,295
District attorney expense fund	-	-	831,546	-	-	831,546	701,114
Judicial expense	-	-	342,425	-	-	342,425	307,343
Indigent defender board	-	-	945,019	-	-	945,019	817,303
Litigation, attorneys	831,543	-	-	-	-	831,543	1,044,500
Appraisers	41,850	-	-	-	-	41,850	40,650
Wrecker and storage	1,304	-	-	-	-	1,304	2,133
Official publications	18,569	-	-	-	-	18,569	21,469
Louisiana Commission on Law Enforcement	-	-	48,388	-	-	48,388	44,795
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	-	82,707	-	-	82,707	71,039
Court CMS-State Treasurer	-	-	61,472	-	-	61,472	47,277
HCAP - State Treasurer	-	-	301	-	-	301	4,914
Crime laboratory	-	-	62,525	-	-	62,525	52,648
Inmates	-	-	-	424,640	801,688	1,228,328	1,067,938
Other settlements	94,699	-	-	-	-	94,699	25,687
Other reductions -							
Restitution	-	-	105,865	-	-	105,865	77,991
Refunds	-	-	1,543,024	-	-	1,543,024	1,302,539
Total reductions	<u>1,182,123</u>	<u>149,390,457</u>	<u>5,642,333</u>	<u>426,640</u>	<u>801,688</u>	<u>157,443,241</u>	<u>158,040,347</u>
Balances, end of year	\$ 46,234	\$ 56,926	\$ 2,677,173	\$ 40,759	\$ 144,104	\$ 2,965,196	\$ 3,620,364

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of Compensation, Benefits and other payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2017

Agency Head Name: Sheriff Gregory C. Champagne

Purpose

	<u>Amount</u>
Salary	\$ 159,361
Benefits – insurance (Medical, Dental, Vision, Life)	8,866
Benefits – retirement	27,813
Deferred compensation (contributions made by the agency)	9,000
Benefits – other (Medicare Tax)	2,545
Vehicle provided by government	1,937
Dues	490
Per diem	1,862
Travel	5,873
Conference travel	<u>6,701</u>
	\$ <u>224,448</u>

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Contract Number</u>	<u>Pass-through Entity Number</u>	<u>Federal Expenditures</u>
<u>Department of Justice:</u>				
2016 Byrne JAG Passed through Louisiana	16.738	2016DJBX0031		\$ 18,677
Commission on Law Enforcement: General Law Enforcement Training	16.588	-	2015-WF-01-2987	6,692
General Law Enforcement Training	16.588	-	2016-WF-01-3590	<u>1,627</u>
Total Department of Justice				<u>26,996</u>
<u>Department of Homeland Security:</u>				
Passed through State of Louisiana:				
State Homeland Security Program	97.067	-	EMW-2015-SS-0043-S01	26,702
State Homeland Security Program	97.067	-	EMW-2015-PU-00418	22,500
State Homeland Security Program	97.067	-	EMW-2016-SS-00018-S01	<u>6,648</u>
Total Department of Homeland Security				<u>55,850</u>
<u>Department of Transportation:</u>				
Passed through Louisiana Department of Public Safety:				
State and Community Highway Safety	20.600	-	2016-30-42	15,660
State and Community Highway Safety	20.600	-	2017-30-51	25,135
Passed through Louisiana South Central Planning & Development Louisiana Department of Transportation and Development			DOTD-Project# H.011178	<u>41,936</u>
Total Department of Transportation				<u>82,731</u>
Total Expenditures of Federal Awards				\$ <u>165,577</u>

Memo Entry: For reconciliation to financial statement – The addition of a state grant of \$67,815 for Drug Abuse Resistance Education (D.A.R.E.) when applied to the total shown above results in \$233,392 reported in the financial statement.

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

The Honorable Gregory Champagne
St. Charles Parish Sheriff
Hahnville, Louisiana

We have audited 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, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the St. Charles Parish Sheriff as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise these basic financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify a deficiency in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Charles Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings as item 2017-01.

Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Harvey, Louisiana
December 20, 2017

COMPLIANCE AND INTERNAL CONTROL

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2017

<u>Ref. No.</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (6/30/17)</u>						
<u>Compliance:</u>						
2017-01	6/30/2017	During the year one bank account contained a portion of funds which was unsecured	Yes	Adequate pledged securities have been obtained by sheriff.	Maurice Bostick Director of Business and Legal Affairs	9/1/2017
<u>PRIOR YEAR (6/30/16)</u>						
<u>Internal Control:</u>						
2016-01	Unknown	The sheriff does not have adequate segregation of duties within the Accounting Department	Yes	None. Because of the limited number of personnel in the accounting department, it is not possible to achieve adequate segregation of duties.	Maurice Bostick Director of Business and Legal Affairs	7/1/2016

ST. CHARLES PARISH SHERIFF

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

(1) Summary of Auditors' Results

(a) The type of report issued on the basic financial statements: unmodified opinion

(b) Internal control

Material weaknesses disclosed: no

Significant deficiencies reported: no

(c) Noncompliance which is material to the financial statements: no

(2) Federal Awards – At June 30, 2017, the Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore, this section is not applicable.

STATE OF LOUISIANA, PARISH OF ST. CHARLES

AFFIDAVIT

GREG CHAMPAGNE (Sheriff's Name), Sheriff of ST. CHARLES (Parish)

BEFORE ME, the undersigned authority, personally came and appeared, GREG CHAMPAGNE (Name), the sheriff of ST. CHARLES Parish, State of Louisiana, who after being duly sworn, deposed and said:

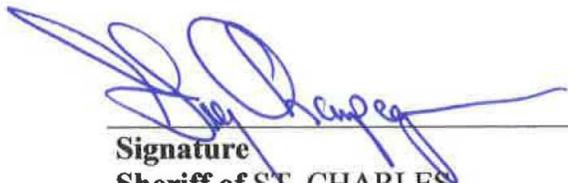
The following information is true and correct:

\$56,925.80 is the amount of cash on hand in the tax collector account on June 30, 2017;

He further deposed and said:

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

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



Signature
Sheriff of ST. CHARLES
(Parish)

SWORN to and subscribed before me, Notary, this 27th day of September, 2017 in my office in HAHNVILLE, Louisiana.

(City/Town)

Roxanne C. Granier (Signature)

Roxanne C. Granier #77175
Ex-Officio Notary, St. Charles Parish Sheriff's Office (Print), # _____
Notary Public

(Commission)

ST. CHARLES PARISH SHERIFF
Hahnville, Louisiana

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Year Ended June 30, 2017

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Independent Accountant's Report On Applying Agreed-Upon Procedures

The Honorable Gregory Champagne
St. Charles Parish Sheriff
Hahnville, Louisiana

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Organization does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- 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.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, (4) debt service requirements.

We obtained the St. Charles Parish Sheriff's written policies and procedures manual as well as their employee handbook. The policies and procedures manual and employee handbook addresses each of the following financial/business functions as listed above:

- *Budgeting.*
- *Purchasing.*
- *Disbursements.*
- *Receipts.*
- *Payroll/Personnel.*
- *Contracting.*
- *Credit Cards, Debit Cards, Fuel Cards and P-Cards.*
- *Travel and Expenses Reimbursements.*
- *Ethics.*
- *Debt Service.*

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those Organizations with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: This portion, regarding board/committee minutes is not applicable to the St. Charles Parish Sheriff.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared.
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Findings: We obtained a listing of The St. Charles Parish Sheriff's bank accounts from the client's trial balance. Management stated that this listing is complete in their management representation letter dated December 20, 2017.

We obtained from the listing the bank statements and bank reconciliations for each month in the fiscal year ended June 30, 2017 for the following checking accounts: General Fund, Bonds and Fines, Tax Collector (Special), Work Release and Tax Collector Disbursing. These accounts represent one-third of the checking accounts of the Sheriff.

For each month, a reconciliation has been prepared for each account tested. The General Fund account was reviewed by management as evidenced by a second reconciliation prepared by the Finance Supervisor and compared to the original. The same process is carried out as evidenced by a second reconciliation prepared and signed by the Bonds and Fines Supervisor.

The Tax Collector Disbursements account and the Tax Collector (Special) account each have reconciliations for each month that do not contain a supervisor's signature. Upon our office's consultation with the Tax Collection Department, the department bookkeeper began preparing the reconciliations on each account then having the Tax Collector Supervisor review and approve each account's reconciliation.

The Work Release account reconciliation is part of a package sent to the State of Louisiana, Department of Corrections. The cover page of this package includes a signature from the preparing bookkeeper, and a supervisor, in this case the Finance Supervisor.

All old outstanding items were researched and written off by the end of the fiscal year ended June 30, 2017.

Collections

5. Obtain a listing of cash/check/money order collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the Organization's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Organization has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using the Organization's collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

- Using sequentially numbered receipts, system reports, and other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Organization has a process specifically defined (identified as such by the Organization) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings: We obtained a listing of all cash collection locations for the organization. Management stated that this listing is complete in their management representation letter dated December 20, 2017.

The Sheriff has five collection locations. Therefore, we selected all five for our testing. They are:

- *Tax Department*
- *Bonds and Fines Department*
- *Records Department*
- *Crime Scene Department*
- *Correctional Facility*

We reviewed the insurance policy to determine that all employees who handle funds are bonded. At each location, we determined that the persons who collected cash were not also the same person to deposit the cash, record the transaction, or prepare the bank reconciliation. At no time are two employees required to share the same drawer. In each location, cash receipts are reconciled by an employee other than those who collect the cash.

Using the week when the largest dollar amount of cash was collected, we reviewed the available cash collection documentation. Cash deposits are usually presented to the bank one day per week on Friday, with collections deemed especially large by management being presented to the bank in the interim. On each of the week's deposits, we confirmed that documentation such as check stubs agreed with the deposit slip amount and posting to the general ledger. All carbon copy type receipts are first agreed to the cash total before preparing the deposit slip.

The Sheriff's policy manual includes a section on cash receipts that specifically defines the process to reconcile cash collections. These procedures are completed by someone other than those who collect cash, and all cash collections were supported by documentation.

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

8. Obtain a listing of the Organization's disbursements from management or, alternately, obtain the general ledger and sort/filter for the Organization's disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Organization had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction.

Report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for the purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using the Organization's documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
 11. Using the Organization's documentation (e.g. electronic system control documentation, policy manual, written procedure) report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review the Organization's documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: We obtained a listing of The St. Charles Parish Sheriff's disbursements from the Organization's check registers. Management stated that this listing is complete in their management representation letter dated December 20, 2017. We selected 25 disbursements from the above check registers and obtained supporting documentation for each transaction.

We examined supporting documentation for each of the 25 disbursements selected and found that all purchases were initiated using a requisition/purchase order system that separates the initiation from approval functions. The records for three disbursements did not contain a purchase order, as the service being paid for didn't require a purchase order. All other disbursement records tested did have the required purchase orders attached. Each purchase order was approved by an employee who did not initiate the purchase.

We examined supporting documentation for each of the 25 disbursements and found all payments were processed with appropriate approval of the purchase orders. (with the exception of the three disbursements not requiring purchase orders).

The person responsible for processing payments did have access to add vendors; however, upon our recommendation the procedure was changed. Only the Director of Business and Legal Affairs is allowed to add vendors to the Sheriff's purchasing system.

Persons with signatory authority were able to initiate purchases; however, upon our recommendation, this procedure has also been changed. Persons who initiate purchases may no longer have signature authority.

The unused checks are maintained in a vault. Office employees did have access to the vault, as it was unlocked in the morning and again locked only at closing. Upon our recommendation, the vault now remains locked, and only opened as needed.

A stamp of the Sheriff's signature is occasionally used for letters. It is kept in a locked drawer and only used with explicit instructions from the Sheriff. No other employee who signs financial documents has a signature stamp. Employees use their actual signature on documents requiring their signature for approval.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, 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.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Organization has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e. g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Organization's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: We obtained a listing of the credit cards and fuel cards accounts and the individuals authorized to use those cards. The Sheriff does not maintain any debit cards or P-cards. Of these 5 accounts we selected two to test. Management stated that this listing is complete in their management representation letter dated December 20, 2017.

We obtained the monthly statements for the selected cards, and the month with the largest dollar activity. During the fiscal year, invoices to support the charges on the credit card

were signed by one of the authorized card holders. Once we performed this procedure, we discussed with management the need to have additional oversight on this procedure. Beginning November 15, 2017, the invoices to support the credit card statement balance due is initialed by a member of the finance department.

On both accounts selected, payment from the prior month was processed by the bank before interest accrued. Therefore, there were no finance charges assessed. Each of the two cards selected include the appropriate purchase orders, receiving reports, and invoices. All charges for travel include a detailed business purpose and indicate the individuals involved.

Items purchased on the cards reviewed during the month under review for each account do not rise to the level necessary to require compliance with the Louisiana Public Bid Law. No single purchase on the statements under review are greater than \$3,500. Additionally, no purchase is of a nature that would suggest it is recurring. Also, all transactions include significant documentation regarding the business purpose of the purchase. This documentation indicates full compliance with Section 14, Article 7 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the Organization's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U. S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Organization does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt].
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: We have obtained a listing of all travel and related expense reimbursements by person from the management of the Sheriff. Management stated that this listing is complete in their management representation letter dated December 20, 2017. In addition, we obtained the written policies related to travel and expense reimbursements. The Sheriff's policy regarding meal and mileage reimbursements is to follow the policy on those topics published in the "Louisiana Travel Guide" for 2016 – 2017, as published by the Louisiana Department of Administration. No Sheriff's office employees are considered to have routine lodging needs, and as such, would not meet the requirements of the routine lodging allowances requirements. Instead, Sheriff's employees book travel after having specific expenses for lodging approved by a department head. Hotels are paid directly by the Sheriff's finance office or a department credit card.

Mileage reimbursement rates per the Department of Administration and used by the Sheriff (\$0.51/mile) are lower than those in place during the period July 1, 2016 to December 31, 2016 (\$0.54/mile) or January 1, 2017 to June 30, 2017 (\$0.535/mile) per the U. S. General Services Administration. Also, total daily meal per diem rates per the Department of Administration are at or below those listed on the General Service Administration website, per several Louisiana and Unites States locations.

We had management rerun the travel and training sections of the general ledger, sorted by the name of the payee. Then we identified the three employees who received the largest payment, on an annual basis, for travel and training. We then selected the largest single payment to each of the individuals who received the largest annual total. One payment was for reimbursement for a plane ticket and hotel for a conference. Invoices for the plane and

hotel reservation, plus for the conference were all attached, showing the existence and business purpose of the conference.

The two other payments to employees were for meals at the per diem rates during off site training events. In both cases, the check stub is accompanied by a typed memorandum, signed by the employee's supervisor, listing the training event, location, lodging details, travel details, cost of training, and details on meals. All expenses, with the exception of the meal per diem, were paid directly by the sheriff's office to the vendor. The invoice from each hotel indicates the days of the per diem are correct. When the per diem rate is used, receipts for meals are not required to be included, and are not included in either instance.

The transactions reviewed appear to be in full compliance with Article 7, Section 14 of the Louisiana Constitution. All documentation reviewed has the required signatures to indicate they have been properly approved.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal year period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Organization complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the Organization solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

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

Findings: We obtained a listing of all contracts in effect during the fiscal year ended June 30, 2017 from the management of the St. Charles Parish Sheriff. Management stated that this listing is complete in their management representation letter dated December 20, 2017. Next, we had management sort the general ledger by payee. Excluding payments on state contracts, we chose the five contracted vendors who were paid the most and obtained copies of the contracts for review. Formal contracts existed for all five vendors selected, which supported the services arrangement and amounts paid.

Each product or service under contract was subject to the Louisiana Public Bid law. In each instance, we obtained newspaper advertising soliciting quotes, submitted bids, and an analysis to determine the lowest bidder, all to our approval.

At no time were any contracts under review amended. We reviewed the largest payment of each of the five vendors. We confirmed that the invoice was in compliance with the contract and the payment agreed with the invoice. There is no board, and therefore, no requirement to receive board approval.

Payroll and Personnel

- 22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees (or randomly select one-third of employees if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.
- 24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees. Report whether the termination payments were made in strict accordance with the policy and/or contract and approved by management.
- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: We obtained a listing of all employees and their related salaries from the management of the St. Charles Parish Sheriff. Management stated that this listing is complete in their management representation letter dated December 20, 2017. We selected five employees and obtained their personnel files. We were able to determine each employee was paid according to the current pay rate structure. Each employee was eligible to receive an increase in pay through the Sheriff's annual pay rate structure increase, as documented by a memorandum signed by the Sheriff.

After reviewing attendance and leave records, we selected the payroll period of April 2 through April 15, 2017, to include a pay period in which leave has been taken by at least one employee. We randomly selected 25 employees to obtain additional documentation of their attendance and leave records.

In each employees file, we found an attendance and leave form, signed by the employee and a supervisor, indicating approval. The beginning balance of accumulated leave, per the attendance and leave form, is compared to the computer record in the payroll office. The computer record is then updated by the current period change in accumulated leave.

We obtained from management a list of the employees that terminated during the fiscal year ended June 30, 2017. Management stated that this listing is complete in their management representation letter dated December 20, 2017. Next we, determined the two employees who received the largest termination payments. Using documentation in each employee's file, we determined that their termination payments were calculated correctly according to department policy.

We obtained copies of the Sheriff's payroll tax reports and the authorization for the third party payroll processor to electronically withdraw the required funds to submit on the Sheriff's behalf. All were processed and paid on a timely basis. We also reviewed the check stubs and reports verifying that pension contributions were made to the Sheriff's Pension and Relief Fund.

Ethics (excluding nonprofits)

26. Using five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We determined that each of the five employees selected in procedure #22 obtained documentation that they have successfully completed the required ethics training. Management stated that no ethics violations have been alleged to them during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: During the fiscal year, a bond was issued to partially consolidate existing bonds. We reviewed documentation that State Bond Commission approval was received. Through a review of documentation, we confirmed that all debt service payments were made, and required debt reserves were maintained as required by debt covenants.

Other

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

32. Observe and report whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: Management has indicated there were no cases where funds or property of the Sheriff's office have been misappropriated. The notice required by R. S. 24:523.1 regarding the reporting of waste or fraud is posted in a common area of their office. The website of the Sheriff's office also contains a link which takes the user to the Louisiana Legislative Auditor's notice required by R. S. 24:523.1

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 control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Uzee, Butler, Arceneux & Bowes
Certified Public Accountants
Harvey, Louisiana

December 20, 2017



Greg Champagne
Sheriff

ST. CHARLES PARISH SHERIFF'S OFFICE

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December 20, 2017

Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Year Ended June 30, 2017

1) BANK RECONCILIATIONS

Procedure #4b

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether.

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

FINDING

The Tax Collector Disbursements account and the Tax Collector (Special) account each have reconciliations for each month that do not contain a supervisor's signature. Upon our office's consultation with the Tax Collection Department, the department bookkeeper began preparing the reconciliations on each account then having the Tax Collector Supervisor review and approve each account's reconciliation.

MANAGEMENT'S RESPONSE

As stated above, a constant procedure has been initiated, and is in place to ensure that the Tax Collection Supervisor will review, and then sign each account's reconciliation.

2) DISBURSEMENTS

A) Procedure #10

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

FINDING

The person responsible for processing payments did have access to add vendors; however, upon our recommendation the procedure was changed. Only the Director of Business and Legal Affairs is allowed to add vendors to the Sheriff's purchasing system.

MANAGEMENT'S RESPONSE

As stated above, currently, only the Director of Business and Legal Affairs is allowed to add vendors to the vendor listing of the purchasing system.

B) Procedure 11

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

FINDING

Persons with signatory authority were able to initiate purchases; however, upon our recommendation, this procedure has also been changed. Persons who initiate purchases may no longer have signature authority.

MANAGEMENT'S RESPONSE

As a result of the findings regarding signatory authority and the ability to initiate purchases, personnel changes have been implemented to ensure that persons who initiate purchases may not have signatory authority.

C) Procedure 12

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

FINDING

The unused checks are maintained in a vault; however, office employees did have access to the vault, as it was unlocked in the morning and again locked only at closing, upon our recommendation, the vault now remains locked, and only opened as needed.

MANAGEMENT'S REPSONSE

Changes are now in place to endure that the vault remains locked at all times, and is opened only when necessary by the Director of Business and Legal Affairs, and the Accounting Supervisor.

3) CREDIT CARDS/DEBIT CARDS/FUEL CARDS
Procedure 15A

15. Using the listing prepared by management, randomly select 10 cards that were used during the fiscal year.

Obtain the monthly statements, for the selected cards. Select the monthly statement with the largest dollar activity for each and:

- a) Report whether there is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

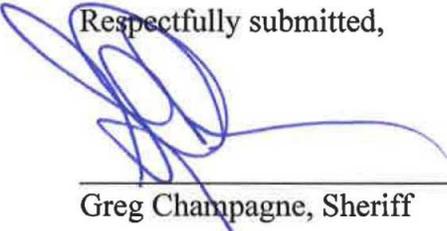
FINDING

We obtained the monthly statements for the selected cards, and the largest dollar activity. During the fiscal year, invoices to support the charges on the credit card were signed by one of the authorized card holders. Once we performed this procedure, we discussed with management the need to have additional oversight on this procedure. Beginning November 15, 2017, the invoices to support the credit card statement balance due is initiated by a member of the finance department.

MANAMENT'S RESPONSE

As stated above, beginning November 15, 2017, the supporting invoices are now reviewed and initiated by a member of the finance department.

Respectfully submitted,



Greg Champagne, Sheriff