
**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018**



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4 – 9
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	10
Statement of Activities	11
Governmental Fund Balance Sheet	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Fund Type	14
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15
Statement of Fiduciary Assets and Liabilities	16
Notes to the Financial Statements	17 – 36
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
Budgetary Comparison Schedule – General Fund	37
Schedule of Changes in Total Post-Employment Benefit Obligation and Related Ratios	38
Schedule of Proportionate Share of the Net Pension Liability	39
Schedule of Employer's Contributions	40

TABLE OF CONTENTS

	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION	
Sheriff's Sworn Statement	41
Schedule of Compensation, Benefits and Other Payments to the Natchitoches Parish Sheriff	42
Schedule of Ad Valorem Taxes Assessed and Uncollected	43 – 44
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45 – 46
Schedule of Findings and Questioned Costs	47 – 49
Summary Schedule of Prior Audit Findings	50 – 51

INDEPENDENT AUDITORS' REPORT

Honorable Victor Jones, Sheriff
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office (the Sheriff), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 9 to the financial statements, the Sheriff adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard requires the Sheriff to recognize and report its total other postemployment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of changes in total post-employment benefit obligation and related ratios, the schedule of proportionate share of the net pension liability, and the schedule of employer's contributions on pages 4 to 9, 37, 38, 39, and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Sheriff's sworn statement, the schedule of compensation, benefits and other payments to the Sheriff and the schedule of ad valorem taxes assessed and uncollected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sheriff's sworn statement, the schedule of compensation, benefits, and other payments to the Sheriff, and the schedule of ad valorem taxes assessed and uncollected are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2018, on our consideration of the Natchitoches Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Natchitoches Parish Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 27, 2018

**NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

This section of the Natchitoches Parish Sheriff's Office (the Sheriff) annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year information (where available).

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position increased approximately \$148,000 or 8.5% over the course of this year's operations. This increase reflects the implementation of GASB Statement 75 which resulted in a net change to beginning fund balance of approximately \$4.1 million.
- Expenses for the year were approximately \$17.0 million, a decrease of approximately \$1.2 million or 6.8% as compared to the prior year.
- Revenues for the year were approximately \$17.1 million, an increase of approximately \$143,000 or 0.8% as compared to the prior year.
- During the year, the General Fund increased its fund balance by approximately \$99,000 or 1.3%. The General Fund ended the year with a \$7.5 million fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the financial statements, required supplementary information, and other supplemental information. The financial statements include two kinds of statements that present different views of the Sheriff:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Sheriff's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Sheriff's government, reporting the Sheriff's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as an agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities and deferred inflows and deferred outflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Sheriff's net position and how they have changed. Net position—the difference between the Sheriff's assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the Sheriff's financial health, or position.

**NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements (continued)

- Over time, increases or decreases in the Sheriff's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sheriff, nonfinancial factors need to be considered, such as changes in the Sheriff's property tax base and growth of Natchitoches Parish.

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as police, tax collection, general administration, and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities. The operations of the Detention Center are included here, and the Sheriff charges fees to cover all or the majority of the cost of certain services provided. The Sheriff charges Natchitoches Parish and other governments to house prisoners.

Fund Financial Statements

The fund financial statements provide more detailed information about the Sheriff's most significant funds—not the Sheriff as a whole. Funds are accounting devices that the Sheriff uses to keep track of specific sources of funding and spending for particular purposes.

The Sheriff has two kinds of funds:

- Governmental funds—Most of the Sheriff's basic services are included in the governmental fund, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Sheriff's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The Sheriff has one governmental fund – the General Fund.
- Fiduciary funds—Funds which are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, and litigants in suits, in the manner prescribed by law. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. We exclude these activities from the Sheriff's government-wide financial statements because the Sheriff cannot use these assets to finance its operations.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net Position. The Sheriff's net position is comprised of the following assets plus deferred outflows less liabilities plus deferred inflows.

Statement of Net Position
As of Year End

	Governmental Activities	
	2018	(Restated) 2017
Current and other assets	\$ 8,210,776	\$ 8,147,207
Capital assets, net	<u>3,769,905</u>	<u>3,755,241</u>
Total assets	<u>11,980,681</u>	<u>11,902,448</u>
Deferred outflows of resources	<u>2,619,552</u>	<u>3,844,058</u>
Other liabilities	729,781	764,769
Long-term debt	2,036,758	1,780,000
Compensated absences	78,654	-
Other post-employment benefits payable	7,047,416	6,926,488
Net pension liability	<u>5,030,271</u>	<u>7,222,709</u>
Total liabilities	<u>14,922,880</u>	<u>16,693,966</u>
Deferred inflows of resources	<u>1,267,612</u>	<u>791,135</u>
Net Position		
Net investment in capital assets	1,733,147	1,975,241
Restricted	25,247	123,282
Unrestricted (restated)	<u>(3,348,653)</u>	<u>(3,837,118)</u>
Total net position	<u>\$ (1,590,259)</u>	<u>\$ (1,738,595)</u>

The total net position of the Sheriff increased by approximately \$148,000 or 8.5%.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (continued)

Changes in net position. Governmental activities net position increased approximately \$99,000 in the current year.

Statement of Activities
For the Year Ended

	Governmental Activities	
	2018	2017
General revenues	\$ 9,904,208	\$ 9,799,275
Program revenues		
Fees, charges and commissions for services	5,465,092	5,702,115
Operating grants and contributions	1,762,018	1,486,583
Total	17,131,318	16,987,973
General government Expenses	(16,982,982)	(18,220,898)
Change in net position	\$ 148,336	\$ (1,232,925)

The Sheriff's total revenues increased by approximately \$143,000 or 0.8%. The total cost of all programs and services decreased by approximately \$1.2 million or 6.8%, which is primarily due to decreases in personnel costs and salaries primarily due to a decrease in insurance and retirement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the Sheriff had invested in capital assets \$3,769,905, net of depreciation, in governmental activities (see table below). Fixed assets increase due to acquisitions of \$647,000 reduced by depreciation of \$632,000.

Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 150,889	\$ 150,889
Buildings and improvements	2,173,082	2,138,205
Automobiles	651,341	915,755
Equipment, furniture and fixtures	449,896	550,392
Software Development in Progress	344,697	-
Total	\$ 3,769,905	\$ 3,755,241

**NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Liabilities

The Sheriff's long-term liabilities consist of its revenue bonds, capital lease obligation, compensated absences, other post-employment benefit obligation, and net pension liability. Debt associated with the revenue bonds was \$1,515,000 at year end compared to \$1,780,000 in prior year, a decrease of \$265,000 which are the regularly scheduled principal payments. The Sheriff's Office entered into a capital lease during the current year for \$655,571. Debt associated with the capital lease at year end was \$521,758 due to a principal payment of \$133,813 during the year. Compensated absences totaled approximately \$79,000 as of year-end. The Sheriff had \$7,047,416 in other post-employment benefit obligations at year end compared to \$6,926,488 in prior year, an increase of approximately \$121,000 or 1.7%. The Sheriff had \$5,030,271 in net pension liabilities at year end compared to \$7,222,709 in prior year, a decrease of approximately \$2.2 million or 30.4%. This was primarily due to a decrease in pension liability at the pension system level.

Long-Term Liabilities at Year End

	Governmental Activities (Restated)	
	2018	2017
Revenue bonds payable	\$ 1,515,000	\$ 1,780,000
Capital lease obligation	521,758	-
Compensated absences	78,654	-
Other post-employment benefit obligation	7,047,416	6,926,488
Net pension liability	5,030,271	7,222,709
Total	\$ 14,193,099	\$ 15,929,197

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues and other financing sources were approximately \$530,000 more than budgeted amounts primarily due to higher than expected ad valorem tax revenue and reimbursements obtained from the Natchitoches Parish Government due to the influx of prisoners during the year.

Actual expenditures and other financing uses were approximately \$263,000 less than budgeted amounts predominately due to a decrease in operating services and materials and supplies costs.

The budget was amended in anticipation of the Sheriff's Office receiving proceeds for entering into a capital lease to purchase PTS Software. The budget was amended through an approximate \$805,000 increase in revenues and other financing sources. In addition, expenses increased in the amended final budget by approximately \$724,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Sheriff is dependent on tax revenue which makes up approximately 54.1% of total revenues. The economy is not expected to generate any significant growth and these tax revenues are not expected to significantly increase. Budgeted expenditures for 2019 are expected to be consistent with 2018.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CONTACTING THE SHERIFF'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Sheriff's finances and to show the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Victor Jones, Sheriff, P.O. Box 266, Natchitoches, Louisiana 71458.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 3,943,263
Investments	2,792,417
Receivables	1,022,225
Prepaid expenses	206,717
Total current assets	<u>7,964,622</u>
NONCURRENT ASSETS	
Restricted cash	246,154
Capital assets, net	3,769,905
Total assets	<u>11,980,681</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to post-employment benefit obligations	344,815
Deferred outflow amounts related to pension liability	2,274,737
Total deferred outflows of resources	<u>2,619,552</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Current portion of long-term debt (bonds and capital lease)	400,836
Accounts payable and accruals	729,781
Total current liabilities	<u>1,130,617</u>
NONCURRENT LIABILITIES	
Long term debt, net of current portion	1,635,922
Compensated absences	78,654
Other post-employment benefit	7,047,416
Net pension liability	5,030,271
Total liabilities	<u>14,922,880</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to post-employment benefit obligations	295,190
Deferred inflow amounts related to pension liability	972,422
Total deferred inflows of resources	<u>1,267,612</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,733,147
Restricted for:	
Inmate trust accounts	25,247
Unrestricted (deficit)	<u>(3,348,653)</u>
Total net position	<u>\$ (1,590,259)</u>

The accompanying notes are an integral part of these statements.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHTOCHES, LOUISIANA**

STATEMENT OF ACTIVITIES

JUNE 30, 2018

		Program Revenues		
Governmental Activities	Expenses	Operating Charges for Services	Grants and Contributions	Governmental Activities
Public Safety	\$ 16,982,982	\$ 5,465,092	\$ 1,762,018	\$ (9,755,872)

General revenues:

Taxes	9,266,307
Interest and investment	12,592
Grants and contributions not restricted	461,120
Miscellaneous	164,189
Total general revenues	9,904,208

Change in net position 148,336

Net position, beginning of year (restated) (1,738,595)

Net position, end of year \$ (1,590,259)

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2018

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,943,263
Cash - restricted	246,154
Investments	2,792,417
Accounts receivable	1,022,225
Prepaid expenses	206,717
TOTAL ASSETS	<u>\$ 8,210,776</u>
<u>LIABILITIES</u>	
Accounts payable and accruals	<u>\$ 729,781</u>
TOTAL LIABILITIES	<u>729,781</u>
<u>FUND BALANCE</u>	
Nonspendable	206,717
Restricted for:	
Inmate trust accounts	25,247
Unassigned	7,249,031
TOTAL FUND BALANCE	<u>7,480,995</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,210,776</u>

The accompanying notes are an integral part of these statements.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total fund balance - Governmental Fund		\$ 7,480,995
Cost of capital assets at June 30, 2018	13,390,700	
Less: Accumulated Depreciation as of June 30, 2018	<u>(9,620,795)</u>	3,769,905
Long-term liabilities at June 30, 2018		
Revenue bonds payable	(1,515,000)	
Capital lease payable	(521,758)	
Accrued wages for compensatory time	<u>(78,654)</u>	(2,115,412)
Net post-employment benefit obligation and deferrals recorded in in accordance with GASB 75		
Deferred outflow of resources - related to OPEB	344,815	
Net post-employment benefit obligation	(7,047,416)	
Deferred inflow of resources - related to OPEB	<u>(295,190)</u>	(6,997,791)
Net pension liability and deferrals recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	2,274,737	
Net pension liability	(5,030,271)	
Deferred inflow of resources - related to net pension liability	<u>(972,422)</u>	<u>(3,727,956)</u>
 Total net position - Governmental Activities		 <u><u>\$ (1,590,259)</u></u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPE
YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 9,266,307
Intergovernmental revenues	1,762,018
Fees, charges and commissions for services	1,535,308
Interest and investment income	12,592
Charges for services	3,319,887
Inmate fees and commissions	336,645
Work release revenues	273,252
Other	164,189
TOTAL REVENUES	<u>16,670,198</u>
<u>EXPENDITURES</u>	
Public safety	
Personnel services and related benefits	12,026,029
Operating services	2,011,945
Material and supplies	792,421
Travel	58,707
Professional services	303,393
Food - Detention Center	677,738
Work release	161,831
Other	68,807
Debt service:	
Principal	398,813
Interest	80,501
Capital outlay	647,027
TOTAL EXPENDITURES	<u>17,227,212</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(557,014)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Proceeds from capital lease	655,571
TOTAL OTHER FINANCING SOURCES (USES)	<u>655,571</u>
NET CHANGE IN FUND BALANCE	98,557
FUND BALANCE AT BEGINNING OF YEAR	<u>7,382,438</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,480,995</u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Net changes in fund balance - Governmental Fund		\$ 98,557
Capital Assets:		
Capital outlay included in expenditures	647,027	
Depreciation expense for the year	<u>(632,363)</u>	14,664
Long-term Obligations		
Principal portion of debt service payments	398,813	
Proceeds from capital lease	(655,571)	
Change in compensated absences payable	<u>(78,654)</u>	(335,412)
Change in net post-employment benefit obligation and deferred inflows and outflows in accordance with GASB 75		(71,303)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>441,830</u>
Total changes in net position for year ended June 30, 2018		<u><u>\$ 148,336</u></u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Civil Fund</u>	<u>Tax Collector</u>	<u>Bond Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 9,653	\$ 47,809	\$ 388,281	\$ 445,743
Total Assets	<u>\$ 9,653</u>	<u>\$ 47,809</u>	<u>\$ 388,281</u>	<u>\$ 445,743</u>
LIABILITIES				
Due to others	\$ 9,653	\$ 47,809	\$ 388,281	\$ 445,743
Total Liabilities	<u>\$ 9,653</u>	<u>\$ 47,809</u>	<u>\$ 388,281</u>	<u>\$ 445,743</u>

The accompanying notes are an integral part of these statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The accompanying financial statements of the Natchitoches Parish Sheriff's Office have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):

The statement of net position and the statement of activities display information about the primary government (the Sheriff). These statements include the financial activities of the overall government, except for fiduciary activities, displayed for governmental activities.

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

A. **BASIS OF PRESENTATION, BASIS OF ACCOUNTING** (continued)

FUND FINANCIAL STATEMENTS (FFS):

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements for each fund category- governmental and fiduciary- are presented. The emphasis of fund financial statements is on major governmental funds.

The Sheriff reports the following major governmental fund:

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the sheriff's office and accounts for the operations of the sheriff's office. The sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include sales tax, commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund. Included in the General Fund is the Detention Center.

The Sheriff reports the following fiduciary type:

Agency Funds

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

B. **REPORTING ENTITY**

The Sheriff is considered a primary government since it is a special purpose government. The Sheriff is elected, is legally separate, and is fiscally independent of other state or local governments. The Sheriff has no component units as defined by GASB Statement 61 as other legally separate organizations for which the Sheriff is financially accountable. There are no other primary governments with which the Sheriff has a significant relationship.

C. **BASIS OF ACCOUNTING/MEASUREMENT FOCUS**

The Governmental Wide Financial Statements (GWFS) and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **BASIS OF ACCOUNTING/MEASUREMENT FOCUS** (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. **BUDGET PRACTICES**

The proposed budget for the year ended June 30, 2018, was made available for public inspection and comments from taxpayers at the sheriff's office during June 2017. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing, which was held at the sheriff's office, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying required supplemental information include the original adopted budget and all subsequent amendments.

E. **INTERFUND ACTIVITY**

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

F. **CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

G. **RESTRICTED ASSETS**

Certain funds are restricted for use by the Sheriff's office. These funds include inmate trust accounts and proceeds from a capital lease that is to be spent on specific property to be purchased by the Sheriff's Office.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute and the Sheriff's investment policy which allows for investment in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, and investment grade commercial paper of domestic United States corporations and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

I. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncertainty associated with collectability of the particular receivable. At June 30, 2018, none of the Governmental Activities receivables were considered to be uncollectible.

J. SHORT-TERM INTERFUND RECEIVABLES AND 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 receivable/payables.

K. CAPITAL ASSETS

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Sheriff is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements and 5 to 10 years for movable property. Expenditures for maintenance, repairs, and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets.

L. COMPENSATED ABSENCES

Employees of the Natchitoches Parish Sheriff's Office that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carry over or accumulate from one fiscal year to the next, and there are no vesting privileges. Full time employees are allowed 40 hours of sick leave at the beginning of the fiscal year. Sick leave does not carry over or accumulate and is not paid out upon termination. Employees are not eligible for overtime; however, if an employee works more than 40 hours a week, the employee accrues compensatory time at a rate of 1.5 hours for every hour worked. Compensatory time is hours that can be used in future weeks by employees. The maximum amount of compensatory time that may be accumulated is 240 hours. Any hours earned in excess of the 240 accumulated is paid to the employee when earned. The Sheriff's policy is for accumulated compensatory time to be used before vacation leave and/or sick leave. Compensatory time is paid out upon termination. As such, a liability for compensated absences has been recorded in the accompanying financial statements.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error, and omissions. To handle such risk of loss, the Sheriff maintains commercial insurance policies, workers' compensation insurance, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 2018.

N. 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.

O. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. FUND EQUITY OF FUND FINANCIAL STATEMENTS (continued)

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

R. 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. Interfund transactions are reported as transfers.

S. SALES TAXES

The Sheriff collects a one-half percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used to meet the increased costs and expenses for critical operations of the Sheriff's Office. The tax, approved by the voters on July 15, 2006, was effective October 1, 2006 and is for a period of 10 years. The tax renewal was approved by the voters and extends in perpetuity.

T. PENSION PLAN

The Natchitoches Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 8. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

U. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 for additional information on deferred outflows of resources related to defined benefit pension plans, and Note 9 for additional information on deferred outflows of resources related to other post-employment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. See Note 8 for additional information on deferred inflows of resources related to defined benefit pension plans, and Note 9 for additional information on deferred inflows of resources related to other post-employment benefits.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION

The Sheriff adopted Government Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net effect to the Sheriff's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total Net Position, June 30, 2017 as previously reported	\$ 2,371,727
Reverse post-employment benefit obligation June 30, 2017	(2,816,166)
Record total post-employment benefit liability June 30, 2017	6,926,488
Net effect	4,110,322
Total Net Position, June 30, 2017, Restated	\$ (1,738,595)

W. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board that are scheduled to be implemented in the future that may affect the Sheriff's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Sheriff controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the Sheriff are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the Sheriff lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Sheriff are unknown at this time.

**NATCHITOCHES PARISH SHERIFF'S OFFICE
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

2. LEVIED TAXES

The Natchitoches Parish Sheriff's Office levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2018:

	<u>Levied Millage</u>	<u>Authorized Millage</u>	<u>Expiration Date</u>
Law enforcement	8.180	8.180	statutory/no expiration
Law enforcement	9.960	9.960	vote-approved/no expiration

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Cash and Cash Equivalents		
Petty cash	\$ 300	\$ -
Demand deposits	3,488,846	445,743
Time and savings deposits	454,117	-
	<u>3,943,263</u>	<u>445,743</u>
Restricted Cash		
Demand deposits (inmate trust)	115,040	-
Demand deposits (capital lease)	131,114	-
	<u>246,154</u>	<u>-</u>
Total deposits	<u>\$ 4,189,417</u>	<u>\$ 445,743</u>

The Sheriff's office has restricted assets relating to inmate trust accounts and a capital lease. The inmate trust accounts consists of money that is deposited by inmates for purchase of commissary items. The Sheriff's office is not entitled to spend these funds. These funds totaled \$115,040 at June 30, 2018. Under the terms of the capital lease entered into by the Sheriff's office for the 2018 fiscal year, cash received from this lease is to be set aside for the purchase of the PTS Software (the property). As of June 30, 2018, the Sheriff was in compliance with all related debt covenants and has restricted cash of \$131,114 set aside for the payment of the capital lease.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned to them. The Sheriff does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent's financial institution. At June 30, 2018, the Sheriff's bank balance of demand deposit accounts was \$4,832,602 and was fully collateralized or FDIC insured and not exposed to custodial credit risk. Time and savings deposits (money market account) of \$454,117 are held with an investment management company and covered by Security Investor Protection Corporation (SIPC) insurance of \$500,000. Holdings with investment companies are not required to be collateralized.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments

The Sheriff maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit and commercial paper of domestic United States corporations and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

As of June 30, 2018, the Sheriff had the following investment types and maturities for investments subject to interest rate risk:

	Fair Value	Remaining Maturity			
		Less than 1 year	1 - 5 years	6 - 10 years	11 - 15 years
Federal Agency Obligations					
Federal National Mortgage Association	\$ 196,471	\$ -	\$ -	\$ 196,471	\$ -
Federal Home Loan Mortgage Corporation	1,074,774	-	220,055	575,021	279,698
Federal Home Loan Bank	1,274,840	-	194,731	93,095	987,014
Certificates of Deposit	102,117	-	70,270	-	31,847
Equity Trusts	144,215	144,215	-	-	-
Total	\$ 2,792,417	\$ 144,215	\$ 485,056	\$ 864,587	\$ 1,298,559

Accrued interest of \$8,917 is included in the receivables per the statement of net position.

Fair Value – The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Sheriff has the following recurring fair value measurements as of June 30, 2018:

Level 1 inputs – Cash and cash equivalents are valued based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 inputs – U.S. government agency securities are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

The Sheriff's measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows:

	Level 1	Level 2	Level 3	Total
Federal agency obligation	\$ -	\$ 2,546,085	\$ -	\$ 2,546,085
Certificates of deposit	102,117	-	-	102,117
Total investments excluding investments valued at NAV	<u>\$ 102,117</u>	<u>\$ 2,546,085</u>	<u>\$ -</u>	2,648,202
GNMA Re-investment (a)				<u>144,215</u>
Total investments				<u>\$ 2,792,417</u>

(a) *GNMA re-investment trust securities are valued using Net Asset Value (NAV) have not been classified in the fair value hierarchy. This security is a pooled investment vehicle that seeks monthly distributions of interest through long term investments in a portfolio of Ginnie Maes. Interest in these securities may be liquidated on a daily basis at the daily redemption rate (NAV).*

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk – As of June 30, 2018, the Sheriff's investment in in Federal Agency Obligations was rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. The certificate of deposits and the GNMA Reinvestment Trusts are unrated.

Concentration of Credit Risk – The Sheriff's investment policy does not limit the amount it may invest in any one issuer. More than 5% of the Sheriff's investments are in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and First Trust Equity Trusts. These investments represent 7.0%, 38.5%, 45.7%, and 5.2% of total investments, respectively.

Custodial credit risk-investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Sheriff has custodial credit risk exposure for the investment balance because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. The Sheriff does not have an investment policy for custodial credit risk; however, the state law is designed to limit this risk.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

4. CHANGES IN FIDUCIARY NET POSITION

A summary of changes in fiduciary net position due to taxing bodies and others follows:

	<u>Balance at beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at end of year</u>
Agency funds:				
Civil fund	\$ 13,643	\$ 949,058	\$ 953,048	\$ 9,653
Tax Collector fund	16,616	30,331,206	30,300,013	47,809
Bond fund	304,226	1,247,543	1,163,488	388,281
Total	<u>\$ 334,485</u>	<u>\$ 32,527,807</u>	<u>\$ 32,416,549</u>	<u>\$ 445,743</u>

5. ACCOUNTS RECEIVABLE

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

	<u>Governmental Activities</u>
Taxes	\$ 283,615
Fees, charges, and commissions for services	385,559
Intergovernmental revenues	340,287
Other	12,764
Total	<u>\$ 1,022,225</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

6. CAPITAL ASSETS

A summary of the Natchitoches Parish Sheriff's capital assets at June 30, 2018, follows:

Governmental activities:	Balance as of June 30, 2017	Additions	Retirements	Balance as of June 30, 2018
Cost of capital assets				
Land	\$ 150,889	\$ -	\$ -	\$ 150,889
Building and building improvements	6,750,979	209,491	-	6,960,470
Automobiles	3,631,411	27,888	(44,110)	3,615,189
Software Development in Progress	-	344,697	-	344,697
Equipment, furniture and fixtures	2,254,504	64,951	-	2,319,455
Total cost of capital assets	<u>12,787,783</u>	<u>647,027</u>	<u>(44,110)</u>	<u>13,390,700</u>
Accumulated depreciation				
Building and building improvements	4,612,774	174,614	-	4,787,388
Automobiles	2,715,656	292,302	(44,110)	2,963,848
Equipment, furniture and fixtures	1,704,112	165,447	-	1,869,559
Total accumulated depreciation	<u>9,032,542</u>	<u>632,363</u>	<u>(44,110)</u>	<u>9,620,795</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 3,755,241</u>	<u>\$ 14,664</u>	<u>\$ -</u>	<u>\$ 3,769,905</u>

For the year ended June 30, 2018, governmental activities recorded no gain or loss on disposal on capital assets and recorded depreciation expense of \$632,363.

7. LONG-TERM DEBT

The following is a summary of the long-term debt obligations of the Natchitoches Parish Sheriff's Office for the year ended June 30, 2018:

Governmental Activities	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital lease	\$ -	\$ 655,571	\$ (133,813)	\$ 521,758
Revenue bonds - 2008	1,780,000	-	(265,000)	1,515,000
Compensated absences	-	78,654	-	78,654
Total	<u>\$ 1,780,000</u>	<u>\$ 734,225</u>	<u>\$ (398,813)</u>	<u>\$ 2,115,412</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

7. LONG-TERM DEBT (continued)

The terms of the individual debt issues of the Natchitoches Parish Sheriff's Office are as follows:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding</u>
Capital lease	2.40%	2/1/2022	\$ 655,571	\$ 521,758
Revenue bonds - 2008	4.49%	3/1/2023	3,500,000	1,515,000
Total			<u>\$ 4,155,571</u>	<u>\$ 2,036,758</u>

The annual requirements to amortize the capital lease debt outstanding as of June 30, 2018, are as follows:

<u>Year ended June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
2019	\$ 125,836	\$ 12,523	\$ 138,359
2020	128,857	9,502	138,359
2021	131,949	6,410	138,359
2022	135,116	3,243	138,359
Total	<u>\$ 521,758</u>	<u>\$ 31,678</u>	<u>\$ 553,436</u>

The capital lease is secured by the leased asset which had a value of \$344,697 at June 30, 2018. The leased asset had not yet been placed into service as of June 30, 2018.

The annual requirements to amortize the revenue bonds outstanding as of June 30, 2018, are as follows:

<u>Year ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2019	\$ 275,000	\$ 68,024	\$ 343,024
2020	290,000	55,676	345,676
2021	305,000	42,655	347,655
2022	315,000	28,960	343,960
2023	330,000	14,817	344,817
Total	<u>\$ 1,515,000</u>	<u>\$ 210,132</u>	<u>\$ 1,725,132</u>

8. PENSION PLAN

The Sheriff is a participating employer in the Sheriffs' Pension and Relief Fund (Fund or System), which is a cost-sharing defined benefit pension plan. The Fund is a public corporation created in accordance with the provision of Louisiana Revised Statute 11:2171 to provide retirement, disability, and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana, employees of Louisiana Sheriffs' Association (LSA) and Sheriffs' Pension and Relief Fund's office. The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

8. PENSION PLAN (continued)

Plan Description

Sheriffs' Pension and Relief Fund is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees of sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriff's Association and the Sheriff's Pension and Relief Fund's office as defined in LRS 11:2171. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:2178.

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.

Funding Policy

Contributions for all members are established each year by the Board of Trustees. The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. Contributions are deducted from the member's salary and remitted monthly by the participating employer.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11.103. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in R.S. 22:1419.

The Sheriff's contributions to the System, for the years ending June 30, 2018, 2017, and 2016, were \$985,969, \$1,109,874, and \$1,054,348, respectively. The contribution rates in effect for the year ended June 30, 2018, for the Sheriff and employees were 12.75% and 10.25%, respectively.

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

At June 30, 2018, the Sheriff reported a liability of \$5,030,271 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement date of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on the Sheriff's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2017, the Sheriff's proportion was 1.1617%, which was an increase of 0.0237% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$999,258 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

8. PENSION PLAN (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (875,654)
Changes in assumptions	885,102	-
Net difference between projected and actual earnings on pension plan investments	-	(72,200)
Changes in proportion and differences between employer contributions and proportionate share of contributions	362,105	(13,530)
Contribution in excess/deficiency	41,561	(11,038)
Employer contributions subsequent to the measurement date	985,969	-
Total	<u>\$ 2,274,737</u>	<u>\$ (972,422)</u>

The Sheriff reported a total of \$985,969 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

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

<u>Year</u>	
2018	\$ (113,725)
2019	424,135
2020	202,965
2021	(328,084)
2022	87,626
2023	43,429
	<u>\$ 316,346</u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

8. PENSION PLAN (continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.50%, net of investment expense
Projected Salary Increases	5.5% (2.775% inflation, 2.725% merit)
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants, and beneficiaries RP-2000 Disabled Lives Mortality Table for disabled annuitants
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Changes in Valuation Methods and Assumptions	The discount rate lowered from 7.5% to 7.4% for the year ended June 30, 2017.

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. 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, 2017, 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%	4.4%
Bonds	25%	0.7%
Alternative Investments	15%	0.6%
Total	<u>100%</u>	<u>5.7%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		<u>8.3%</u>

**NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

8. PENSION PLAN (continued)

Discount Rate

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

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.40%	7.40%	8.40%
Sheriff Share of Net Pension Liability	\$ 10,363,685	\$ 5,030,271	\$ 542,930

9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The Natchitoches Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Natchitoches Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical and life insurance benefits are provided to employees upon actual retirement. The employer pays 100% of the medical coverage for the retiree only (not dependents). Employees are covered by a retirement system if they meet the following retirement eligibility (D.R.O.P. entry) criteria: For employees hired on or before December 31, 2011, attainment of 30 years of creditable service at any age, or attainment of age 55 with at least 12 years of creditable service. Employees who were hired on or after January 1, 2012, attainment of age 62 with at least 12 years of creditable service, age 60 with at least 20 years of creditable service, or attainment of age 55 with at least 30 years of creditable service.

Life insurance coverage is continued to retirees by election. The employer pays for life insurance after retirement for retirees and pays up to \$10,000 to the retiree. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	36
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	171
	207

Total OPEB Liability

The Sheriff's total OPEB liability of \$7,047,416 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

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

Inflation	2.5% annually
Salary increases	3.0% annually, including inflation
Prior Discount rate	3.58%
Discount rate	3.87% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 6,926,488
Changes for the year:	
Service cost	64,951
Interest	270,569
Differences between expected and actual experience	362,056
Changes in assumptions	(309,949)
Benefit payments and net transfers	(266,699)
Net changes	120,928
Balance at June 30, 2018	\$ 7,047,416

The amount of total OPEB liability estimated to be due and payable within one year is \$273,366.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB Liability	\$ 8,231,749	\$ 7,047,416	\$ 6,101,495

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

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 6,134,608	\$ 7,047,416	\$ 8,172,980

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

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$338,002. At June 30, 2018, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 344,815	\$ -
Changes in assumptions	-	(295,190)
Total	\$ 344,815	\$ (295,190)

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

Years ending June 30:	
2019	\$ 2,482
2020	2,482
2021	2,482
2022	2,482
2023	2,482
Thereafter	37,215
	\$ 49,625

**NATCHITOCHES PARISH SHERIFF'S OFFICE
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

10. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. As of June 30, 2018, there was \$13,896 paid under protest and escrowed.

11. LITIGATION

The Natchitoches Parish Sheriff is a defendant in various litigation as of the close of business on June 30, 2018. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

12. TAX ABATEMENT

The Sheriff is subject to certain tax abatement agreements with individuals and businesses through one program – the Industrial Tax Exemption Program (“ITEP”). ITEP is authorized under Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73. The Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees, with the approval of the governor, may enter into contracts for the exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment. Companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. Ad valorem taxes applicable to the Sheriff that were abated under ITEP totaled approximately \$463,000 for the fiscal year ended June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Taxes	\$ 8,950,000	\$ 9,100,000	\$ 9,266,307
Intergovernmental revenue	1,368,500	1,400,000	1,762,018
Fees, charges, and commissions for services	5,377,600	5,521,000	4,855,195
Interest and investment income	150,000	16,000	12,592
Other	144,650	103,250	774,086
TOTAL REVENUES	<u>15,990,750</u>	<u>16,140,250</u>	<u>16,670,198</u>
<u>EXPENDITURES</u>			
Public Safety			
Personnel services and related benefits	12,745,778	12,000,000	12,026,029
Operating services	1,429,500	2,200,000	2,011,945
Material and supplies	1,256,000	950,000	792,421
Travel	95,000	75,000	58,707
Professional services	300,000	310,000	303,393
Food - Detention Center	-	820,000	677,738
Work release	-	200,000	161,831
Other	-	-	68,807
Debt service:			
Principal	340,000	485,000	398,813
Interest	-	-	80,501
Capital outlay	600,000	450,000	647,027
TOTAL EXPENDITURES	<u>16,766,278</u>	<u>17,490,000</u>	<u>17,227,212</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(775,528)	(1,349,750)	(557,014)
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	-	655,571	655,571
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>655,571</u>	<u>655,571</u>
NET CHANGE IN FUND BALANCE	(775,528)	(694,179)	98,557
FUND BALANCE AT BEGINNING OF YEAR	<u>8,505,648</u>	<u>7,382,415</u>	<u>7,382,438</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,730,120</u>	<u>\$ 6,688,236</u>	<u>\$ 7,480,995</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF CHANGES IN
TOTAL POST-EMPLOYMENT BENEFIT OBLIGATION AND RELATED RATIOS

Financial statement reporting date	Measurement date	Service cost	Interest	Differences between expected and actual experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2018	6/30/2018	\$ 64,951	\$ 270,569	\$ 362,056	\$ (309,949)	\$ (266,699)	\$ 120,928	\$ 6,926,488	\$ 7,047,416	\$ 7,611,483	92.59%

Notes to Schedule:

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

Changes of Assumptions. There was a change in discount rate for the year ended June 30, 2018.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

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

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SHERIFF'S PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2018 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Sheriff's Pension and Relief Fund						
	2018	1.1617%	\$ 5,030,271	\$ 8,033,613	62.6153%	88.49%
	2017	1.1380%	7,222,709	7,667,983	94.1931%	82.10%
	2016	1.0965%	4,887,512	7,269,719	67.2311%	86.61%
	2015	1.0605%	4,199,697	6,906,494	60.8079%	87.34%

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

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

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Pension Plan</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Sheriffs' Pension and Relief Fund						
	2018	\$ 985,969	\$ 985,969	\$ -	\$ 7,729,710	12.75%
	2017	1,109,874	1,109,874	-	8,033,613	13.82%
	2016	1,054,348	1,054,348	-	7,667,983	13.75%
	2015	1,035,937	1,035,937	-	7,269,719	14.25%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the Sheriffs' Pension and Relief Fund*

³ *Employer's covered payroll amount for the fiscal year ended June 30*

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF NATCHITOCHEs

AFFIDAVIT

VICTOR JONES, SHERIFF OF NATCHITOCHEs PARISH

BEFORE ME, the undersigned authority, personally came and appeared, Victor E. Jones, Jr., the Sheriff of Natchitoches Parish, State of Louisiana, who after being sworn, deposed and said:

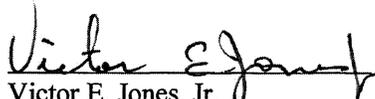
The following information is true and correct:

\$33,913 is the amount of cash on hand in the tax collector account on June 30, 2018, which does not include taxes paid under protest.

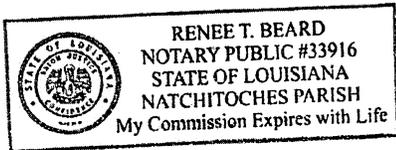
He further deposed and said:

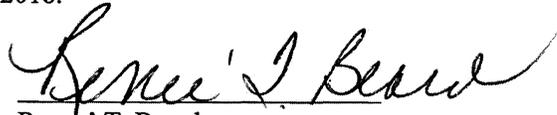
All itemized statements of the amount of taxes collected for the tax year 2017, by taxing authority, are true and correct.

All itemized statement of all taxes assessed and uncollected, which indicated the reason for the failure to collect, by taxing authority, are true and correct.


Victor E. Jones, Jr.
Sheriff of Natchitoches Parish

Sworn to and subscribed before me, this 13th day of December 2018.




Renee' T. Beard
Notary Public, #33916
Natchitoches Parish, Louisiana

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE NATCHITOCHE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2018

Natchitoches Parish Sheriff, Victor Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 160,271
Benefits - insurance	15,979
Benefits - retirement	21,324
Travel reimbursements	4,006
Deferred compensation	7,704
	<u>\$ 209,284</u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**SCHEDULE OF AD VALOREM TAXES ASSESSED AND UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2018**

Entity	Mills / Rate	Assessed Taxes	Uncollected Taxes and Interest
Ambulance	5.310	\$ 1,798,796.13	\$ 3,172.12
Assessment District	3.700	1,253,398.43	2,210.33
Cane River Waterway Maintenance	6.000	2,032,537.99	3,584.31
General School	4.650	1,575,216.95	2,777.85
Health Unit	2.810	951,905.30	1,678.66
Law Enforcement 1	8.180	2,771,026.82	4,886.64
Law Enforcement 2	9.960	3,374,013.08	5,949.98
Library	6.900	2,337,418.71	4,121.98
Public Buildings	2.810	951,905.30	1,678.66
Special School	7.000	2,371,294.33	4,181.70
General Tax Inside	1.690	186,049.22	511.95
General Tax Outside	3.390	774,928.63	998.32
Red River Waterway COF	1.520	512,735.53	908.05
Red River Waterway Maintenance	0.820	276,607.33	489.87
Road District #40	4.770	1,092,279.90	1,404.71
Consolidated School District #6 7.00M	7.000	200,700.54	75.18
School District #9 Maintenance	7.000	1,436,726.07	3,497.97
Consolidated School District #7	29.000	1,540,341.61	1,552.66
Consolidated School District #8 Bond	33.000	287,264.92	294.69
Consolidated School District #8 Maintenance	7.000	60,934.99	62.51
Consolidated School District #8 Special	7.000	60,934.99	62.51
Consolidated School District #10	20.000	834,002.20	479.94
Forestry Tax .08/Acres	80.000	31,069.17	-
\$100 Per Mile Railroad	100.000	5,631.70	-
\$50 Per Mile P/L	50.000	5,096.50	-
Natchitoches Levee Tax .05 Acre	50.000	9,898.32	-
Natchitoches Levee District	4.220	838,375.91	2,169.16
Louisiana Tax Commission Assistant Fee	0.400	42,169.70	-
Louisiana Tax Commission Assistant Fee	0.150	584.98	-
Natchitoches Fire District #10	8.700	42,406.26	83.35
Natchitoches Fire District #2	7.010	65,891.23	19.27
Natchitoches Fire District #3	9.280	95,731.90	29.60
Natchitoches Fire District #4	20.000	214,427.99	91.60
Natchitoches Fire District #5	7.190	134,634.58	185.17
Natchitoches Fire District #6	9.590	593,808.37	1,528.00
Natchitoches Fire District #7	9.950	408,667.34	252.71
Natchitoches Fire District #8	13.940	29,015.42	-
Natchitoches Fire District #9	4.970	208,023.36	254.93
Total		<u>\$ 29,406,451.70</u>	<u>\$ 49,194.38</u>

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF AD VALOREM TAXES ASSESSED AND UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2018

EXPLANATION FOR AD VALOREM TAXES ASSESSED AND UNCOLLECTED AS OF JUNE 30, 2018:

The assessed taxes represent current taxes for the 2017 tax roll. All taxes on immovable property have been collected or have gone to tax sale. The uncollected amounts are for mobile homes and movable business property and include interest accrued through June 30, 2018. The Sheriff is in the process of collecting the uncollected taxes, but has had no response to collection efforts on the moveable property which could not be located or the businesses are no longer in operation.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Honorable Victor Jones
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Natchitoches Parish Sheriff's Office (Sheriff), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies identified as 2018-001 and 2018-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Sheriff's Office 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 or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2018-002.



Postlethwaite & Netterville

Natchitoches Parish Sheriff Office's Response

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 27, 2018

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of auditors' report issued.	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	Yes

SECTION #2

FINANCIAL STATEMENT FINDINGS

2018-001 Agency Fund Reconciliation (Repeat)

Criteria: The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition: The cash balances in the Bond Fund and the Civil Fund total \$397,934 as of June 30, 2018. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales.

Effect: Unauthorized transactions may occur and not be detected timely.

Cause: Limited staff makes it difficult to initiate the process and develop the correct reports from the case management software.

Recommendation: We recommend that the Sheriff consider the system capabilities and initiate the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

The Sheriff is in the process of procuring a new software and initiating a process of reconciling the subsidiary balances to the respective depository balances. We anticipate completing this process by June 30, 2019.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-002

Public Bid Law (Repeat)

Criteria:

According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition:

We observed the following conditions:

- The Sheriff contracted with a vendor for the management of the food service at the prison. The total amount paid to the vendor during the year was approximately \$573,000. The presumption was that the deliverable was primarily the service of managing the food service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the food and commodities. In addition, inmates are used extensively by the vendor in delivering meals. As such, food and commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.
- The Sheriff made one purchase for approximately \$20,000 for body cameras and did not obtain three telephone or facsimile quotes. The presumption by management was that the vendor was a sole source provider, but for this product type, the vendor did not qualify as a sole source provider.

Effect:

The Sheriff is in violation of the Louisiana statute.

Cause:

The Sheriff was not in compliance with Louisiana Revised Statute 38:2212.1.

Recommendation:

The Sheriff should consider the applicability of the public bid law prior to purchase.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. The Sheriff will emphasis training and compliance with the referenced statutes. This resolution will be implemented by March 31, 2019.

2018-003

Segregation of Duties

Criteria:

The Sheriff's agency fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that allow different individuals to authorize, record, and have custody of the disbursements.

Condition:

In the course of testing disbursements from the tax collector fund, five checks were signed by two individuals that are in charge of the tax collector fund. This was against the Sheriff's Office policy which requires two signature from outside of the fund.

Effect:

Unauthorized transactions could occur without proper segregation of duties.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-003

Segregation of Duties (continued)

Cause: The employees have access to the checks and inappropriately authorized the checks.

Recommendation: We recommend that the Sheriff emphasize the policies in place.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. The Sheriff will emphasis training and compliance with existing policies. This resolution will be implemented by March 31, 2019.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2018**

FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Public Bid Law (Repeat)

Criteria: According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition: The Sheriff contracted with a vendor for the management of the food service at the prison. The total amount paid to the vendor during the year was approximately \$573,000. The presumption was that the deliverable was primarily the service of managing the food service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the food and commodities. In addition, inmates are used extensively by the vendor in delivering meals. As such, food and commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.

The Sheriff made one purchase for approximately \$11,000 for 8 Tasers and did not receive three telephone or facsimile quotes. The presumption by management was that the vendor was a sole source provider, but for this product type the vendor did not qualify as a sole source provider.

Status: *Repeat finding 2018-002*

2017-002 Louisiana Budget Law (Repeat)

Criteria: In accordance with Louisiana Revised Statutes 39:1310 and 39:1311, the independently elected official should be notified and an amended budget adopted when revenues and other sources are less than budgeted amounts by more than 5% or when expenditures and other uses are greater than budgeted amounts by more than 5%.

Condition: The Sheriff was in violation of the expenditure portion of the statute noting actual expenditures were greater than the amended budget expenditures by more than 5%.

Status: *No instances of Louisiana Budget Law violations were noted in the current audit*

2017-003 Agency Fund Reconciliation

Criteria: The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2018**

2017-003

Agency Fund Reconciliation (continued)

Condition:

The cash balances in the Bond Fund and the Civil Fund total \$317,869 as of June 30, 2017. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales.

Effect:

Unauthorized transactions may occur and not be detected timely.

Cause:

Limited staff makes it difficult to initiate the process and develop the correct reports from the case management software.

Recommendation:

We recommend that the Sheriff consider the system capabilities and initiate the process of reconciling subsidiary balances to the respective depository balances.

Status:

Repeat finding 2018-001

NATCHITOCHEs PARISH SHERIFF'S OFFICE
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Observations and Associated Findings	2 - 13
Management's Response and Corrective Action Plan	14

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Natchitoches Parish Sheriff's Office and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Natchitoches Parish Sheriff's Office (Sheriff's Office) and the Louisiana Legislative Auditor (LLA) (the specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Sheriff's Office's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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



Baton Rouge, Louisiana
December 27, 2018

NATCHITOCHESES PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, the results will read "*procedure was not performed due to no exceptions occurring for this procedure in the prior year*" is indicated.

Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

The Sheriff does not have written policies for receipts.

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

No exceptions noted.

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

No exceptions noted.

NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Written Policies and Procedures (continued)

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

The Sheriff has written policies for credit cards; however, the policies do not contain attributes regarding (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, 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

No exceptions noted.

- 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.

No exceptions noted.

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

The Sheriff does have written policies for debt service; however, the policy does not contain the attribute regarding (2) continuing disclosure/EMMA reporting requirements.

Board or Finance Committee

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

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

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Natchitoches Parish Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Board or Finance Committee (continued)

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Natchitoches Parish Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the Natchitoches Parish Sheriff's Office. As such, this procedure is not applicable to the Sheriff's Office.

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of twenty (20) bank accounts. Management identified the entity's main operating accounts. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected five (5) bank accounts (2 main operating and 3 randomly) and obtained the bank reconciliations for the month ending June 30, 2018, resulting in five (5) bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Bank Reconciliations (continued)

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

One (1) of the five (5) bank reconciliations had reconciling items that have been outstanding for more than twelve months. There was no documentation evidencing that the reconciling items were researched for proper disposition.

Collections

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

A listing of deposit sites was provided and included a total of two (2) deposit sites. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the two (2) deposit sites and performed the procedures below.

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of nine (9) collection locations. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected one (1) collection location for each of the two (2) deposit sites. Review of the Sheriff's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

For one (1) of the two (2) cash collection locations tested, one employee responsible for collecting cash is also responsible for preparing/making bank deposits.

NATCHITOCHESES PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Collections (continued)

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

No exceptions noted.

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

For one (1) of the two (2) cash collection locations tested, one (1) employee responsible for collecting cash is also responsible for reconciling the cash collection.

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

No exceptions noted.

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

We randomly selected two (2) deposit dates for each of the five (5) bank accounts selected in procedure #3. For two (2) of the five (5) bank accounts selected, one (1) did not have deposits during the month randomly selected, or the entire year, and one (1) only had one (1) deposit during the month randomly selected. We obtained supporting documentation for deposits related to each of the four (4) bank accounts and performed the procedures below.

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

For six (6) of the seven (7) receipts selected for testing, there was no receipt issued.

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

No exceptions noted.

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

No exceptions noted.

NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Collections (continued)

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

Four (4) of the seven (7) deposits were not made within one business day of receipt at the collection location.

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

No exceptions noted.

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

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

The listing of locations that process payments for the fiscal period was provided and included a total of two (2) locations. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the two (2) locations and performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for the two (2) payment processing locations selected in procedure #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

Review of the Entity's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

For the two (2) payment processing locations tested, the same employees are involved in initiating and approving a purchase request. We noted these are overlapping duties that can lead to segregation of duties issues. However, based on our testing along with inquiry of management, we noted the Sheriff's Office practices separation of duties.

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

No exceptions noted.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

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

No exceptions noted.

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

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for the two (2) payment processing locations selected in procedures #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) disbursements from each of the two (2) payment processing locations and performed the procedures below. We noted one (1) of the two (2) payment processing locations only had two (2) disbursements during the year. As such, we selected both for testing.

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

For one (1) of the seven (7) disbursements selected for testing, there was no invoice/billing statement; therefore, this procedure was not performed.

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

No purchase order / requisition was initiated and approved for all seven (7) disbursements tested.

For two (2) of the seven (7) disbursements tested, there was no evidence that the disbursement was approved for payment.

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

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

A listing of cards was provided and included a total of one hundred and twenty (120) credit cards. A signed representation by management was obtained on the completeness of the listing provided.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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

From the listing provided, we randomly selected five (5) credit cards used in the fiscal period. We randomly selected one (1) monthly statement for each of the five (5) cards selected and performed the procedures noted below.

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

No exceptions noted.

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

No exceptions noted.

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

The randomly selected sample of five (5) credit cards included only fuel cards; therefore, this procedure is not applicable to the sample.

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

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

A listing of travel and travel-related expense reimbursements was provided for the fiscal period and included a total of two hundred and eighteen (218) reimbursements. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) reimbursements and performed the procedures below.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the two (2) contracts and performed the procedures below.

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

For one (1) of the two (2) contracts selected for testing, the contract was not bid in accordance with the Louisiana Public Law.

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

No exceptions noted.

NATCHITOCHE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Contracts (continued)

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

No exceptions noted.

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

There was no formal/written contract for one (1) of the two (2) payments tested. As such, we were unable to perform the procedures for that service agreement.

Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) employees/officials and performed the specified procedures. No exceptions noted.

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

We randomly selected one (1) pay period during the fiscal period and performed the procedures below for the five (5) employees/officials selected in procedure #16.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Payroll and Personnel (continued)

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

A listing of employees/officials receiving termination payments during the fiscal period was provided and included a total of nine (9) employees. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected two (2) employees and performed the specified procedures. For one (1) of the two (2) terminated employees selected for testing, the cumulative leave records were not obtained and therefore this procedure was not performed.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable as the Sheriff did not issue bonds/notes in the fiscal period.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Debt Service (continued)

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The bond statement was not obtained and therefore this procedure was not performed.

Other

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

No exceptions noted.

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

The notice required by R.S. 24:523.1 was not posted on the Sheriff's website.

**NATCHITOCHEES PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2018**

Schedule B

The Natchitoches Parish Sheriff's Office (Sheriff) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

The Sheriff plans to write/amend policies and procedures to address the findings noted in this section by March 1, 2019.

Bank Reconciliations

The Sheriff will implement new documentation standards to address the findings noted in this section by March 1, 2019.

Collections

The Sheriff will develop/write policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2019.

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

The Sheriff will continue to follow written policies and procedures to address the findings noted in this section.

Contracts

The Sheriff will continue to follow written policies and procedures to address the findings noted in this section.

Payroll and Personnel

The Sheriff will continue to follow written policies and procedures to address the finding noted in this section.

Other

The Sheriff will ensure the proper notices are posted to address the findings noted in this section by March 1, 2019.