

---

**SABINE PARISH SHERIFF**

**FINANCIAL REPORT**

**JUNE 30, 2018**

---



Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>REQUIRED SUPPLEMENTARY INFORMATION-PART I</u>	
Management's Discussion and Analysis	4 – 9
<u>FINANCIAL STATEMENTS</u>	
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 Types	14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	15
Statement of Net Position – Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	17
Statement of Cash Flows – Proprietary Fund	18
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	19
Notes to the Financial Statements	20 – 41
<u>REQUIRED SUPPLEMENTARY INFORMATION—PART II</u>	
Budgetary Comparison Schedule – General Fund	42
Schedule of Changes in Total OPEB Liability and Related Ratios	43
Schedule of Proportionate Share of the Net Pension Liability – Sheriff's Pension and Relief Fund	44
Schedule of the Employer Contributions to the Sheriffs' Pension and Relief Fund	45

## TABLE OF CONTENTS

	<u>Page</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Sheriff's Sworn Statement	46
Schedule of Compensation, Benefits and Other Payments to the Sabine Parish Sheriff	47
<u>OTHER REPORTS REQUIRED BY <i>GOVERNMENTAL AUDITING STANDARDS</i></u>	
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>	48 – 49
Schedule of Findings and Questioned Costs	50 - 51
Summary Schedule of Prior Audit Findings	52 - 53

## **INDEPENDENT AUDITORS' REPORT**

Honorable Ronald G. Richardson  
Sabine Parish Sheriff  
Many, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Sabine Parish Sheriff (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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. 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 business-type activities, each major fund, and the aggregate remaining fund information of the Sabine Parish Sheriff as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows 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 11 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 – General Fund, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability – Sheriff's Pension and Relief Fund, and the Schedule of Employer Contributions to the Sheriffs' Pension and Relief Fund on pages 4 through 9, 42, 43, 44, and 45, 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 and the Schedule of Compensation, Benefits, and Other Payments to the Sabine Parish Sheriff are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sheriff's Sworn Statement and Schedule of Compensation, Benefits and Other Payments to the Sabine Parish Sheriff 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 Requirements by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2018 on our consideration of Sabine 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 Sabine 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

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

This section of Sabine Parish Sheriff's (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's information (where available).

### **FINANCIAL HIGHLIGHTS**

- The Sheriff's total net position decreased approximately \$822,000, or 39.2%, over the course of this year's operations. This decrease reflects the implementation of GASB Statement 75 which resulted in a net change to beginning fund balance of approximately \$3.9 million.
- Expenses for the year were \$8.1 million, an increase of approximately \$987,000, or 13.9%.
- Revenues for the year were \$7.3 million, an increase of approximately \$619,000, or 9.3%.
- After transfers out to cover operating costs of the Detention Center, the General Fund's decrease in fund balance was approximately \$1,800. The General Fund ended the year with a \$7.3 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 supplementary 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.
  - The proprietary fund financial statements indicate the degree to which the full costs of operating the prison were covered through revenues received from the parish and other governmental entities.
  - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as agent for the benefit of others, to whom the held resources 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 and other 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, deferred outflows, liabilities and deferred inflows. 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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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.

- 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, you need to consider additional nonfinancial factors such as changes in the Sheriff's property tax base and growth of Sabine Parish.

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as general administration and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities.
- Business-type activities—the operations of the Detention Center are included here, and the Sheriff charges fees to cover some of the cost of certain services provided. The Sheriff charges the Louisiana Department of Corrections, Sabine Parish Police Jury, 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 three 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 you 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.
- Proprietary funds—When the Sheriff charges other governments for services it provides, these services are generally reported in the propriety funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Sheriff's enterprise fund is the same as the business-type activity reported in the government-wide statements but provide more detail and additional information such as cash flows. The Sheriff has one proprietary fund – the Detention Center 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.

**SABINE PARISH SHERIFF  
MANY, 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:

**Table A-1  
Sheriff's Net Position**

	<u>Governmental Activities</u>		<u>Business – Type Activities</u>	
	2018	(Restated) 2017	2018	(Restated) 2017
Current and other assets	\$ 8,218,079	\$ 8,147,211	\$ 296,204	\$ 248,636
Capital assets, net	962,274	806,456	990,582	1,058,776
Total assets	<u>9,180,353</u>	<u>8,953,667</u>	<u>1,286,786</u>	<u>1,307,412</u>
Deferred outflows of resources – pension liability	638,978	1,158,728	201,783	370,443
Accounts payable and accruals	264,634	209,242	68,956	86,750
Interfund balances	700,625	683,341	(700,625)	(683,341)
Compensated absences	29,479	-	-	-
Capital lease obligations	313,063	241,506	-	-
Net pension liability	1,566,122	2,265,812	494,564	814,387
Total other post-employment benefits liability	4,604,230	4,271,772	1,494,008	1,383,086
Total liabilities	<u>7,478,153</u>	<u>7,671,673</u>	<u>1,356,903</u>	<u>1,600,882</u>
Deferred inflows of resources – pension liability	376,990	318,236	119,049	101,962
Deferred inflows of resources – OPEB liability	529,142	-	171,699	-
Net position	906,132	318,236	290,748	101,962
Net investment in capital assets	649,211	564,950	990,582	1,058,776
Restricted	64,440	83,897	21,594	20,496
Unrestricted	721,395	1,473,639	(1,171,258)	(1,104,261)
Total net position	<u>\$ 1,435,046</u>	<u>\$ 2,122,486</u>	<u>\$ (159,082)</u>	<u>\$ (24,989)</u>

Net position of the Sheriff's governmental activities decreased 32.4% to approximately \$1.4 million, while net position in the business type activities decreased 536.6% to approximately \$(159,000). The 2017 net position was restated due to the implementation of a new accounting standard which changed the way other post-employment benefit obligations are recognized. See the explanation of the current year adoption of Governmental Accounting Standards Board Statement No. 75 (GASB 75) within the New Accounting Standards Section of note 1 to the financial statements. The effects of this new accounting standard can also be observed in the condensed statements of net position presented above, through the line item entitled Other Post-Employment Benefits Payable. The decrease in net position is the result of expenditures exceeding revenues during the fiscal year ended June 30, 2018.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Changes in net position.** The Sheriff's total revenues increased by 9.3% due to an increase in sales tax collections. (See Table A-2.) Approximately 31.6% of the Sheriff's revenue comes from ad valorem tax collections in Sabine Parish and approximately 40.1% comes from sales tax revenue. The remainder comes from prison fees and miscellaneous fees, commissions, and other intergovernmental revenues.

The total cost of all programs and services increased by approximately \$987,000 or 13.9%.

Revenues for the Sheriff's governmental activities increased 7.70% to \$6.3 million while expenses for governmental activities increased 17.66% to \$5.9 million primarily due to increases in Other Post-Employment Benefits (OPEB) payable.

**Table A-2  
Changes in Sheriff's Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General revenues	\$ 5,423,749	\$ 4,943,574	\$ 56,838	\$ 45,465
Fees, charges and commissions for service	655,698	692,675	801,493	651,267
Operating grants	254,202	244,715	63,500	58,681
Total revenues	6,333,649	5,880,964	921,831	755,413
Expenses	(5,915,243)	(5,027,389)	(2,161,770)	(2,063,088)
Transfers	(1,105,846)	(1,287,418)	1,105,846	1,287,418
Change in net position	<u>\$ (687,440)</u>	<u>\$ (433,843)</u>	<u>\$ (134,093)</u>	<u>\$ (20,257)</u>

**FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS**

As the Sheriff completed the year, its general fund reported a fund balance of \$7,252,820, a decrease of \$1,808 from last year. This fund balance provides for operating reserves in periods of decreased revenue.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**CAPITAL ASSETS**

At the end of 2018, the Sheriff had invested \$1,952,856 in capital assets, net of accumulated depreciation; \$962,274 in Governmental Activities and \$990,582 in Business-Type Activities. This amount represents a net increase of \$87,624, including depreciation. The increase is primarily due to the purchase of new vehicles. (See Table A-3.)

**Table A-3  
Sheriff's Capital Assets  
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2018	2017	2018	2017
Land	\$ -	\$ -	\$ 111,165	\$ 111,165
Building and building improvements	294,347	307,279	830,477	883,152
Automobiles	502,351	390,831	-	-
Equipment, furniture and fixtures	165,576	108,346	48,940	64,459
Total	<u>\$ 962,274</u>	<u>\$ 806,456</u>	<u>\$ 990,582</u>	<u>\$ 1,058,776</u>

**LONG-TERM DEBT**

The Sheriff's long-term liabilities consist of its capital lease obligations, net pension liability and total other post-employment benefit liability (OPEB). The net pension liability decreased by approximately \$1,019,000 primarily due to a decrease in the pension liability of the Sheriff's retirement system as a whole. The total OPEB liability increased by approximately \$443,000 due to the cost of post-employment benefits incurred for the year exceeding the amount currently funded. (See Table A-4.)

**Table A-4  
Long-Term Debt at June 30, 2018 and 2017**

	(Restated)	
	2018	2017
Capital lease obligation	\$ 313,063	\$ 241,506
Net pension liability	2,060,686	3,080,199
Total other postemployment benefit liability	<u>6,098,238</u>	<u>5,654,858</u>
	<u>\$ 8,471,987</u>	<u>\$ 8,976,563</u>

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Budget amendments were not adopted during the year ended June 30, 2018 for the Sheriff. Actual revenues and other sources were more than budgeted by approximately \$525,000. The variance was primarily due to higher tax receipts than expected. Actual expenditures and other uses were approximately \$545,000 more than budgeted amount mainly due to higher spending on capital outlay.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Sheriff is dependent on ad valorem and sales taxes for approximately 72% of its revenues to fund both the general fund operations as well as the Detention Center operations. The economy is expected to continue to generate growth and these tax revenues are expected to continue to increase. Budgeted expenditures for 2019 are expected to be consistent with 2018.

**CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Sheriff's finances and to demonstrate the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sabine Parish Sheriff's Office, PO Box 1440, Many, LA 71449.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	\$ 2,212,421	\$ 192,057	\$ 2,404,478
Receivables	369,521	67,376	436,897
Investments	5,540,481	-	5,540,481
Prepaid expenses	31,216	15,177	46,393
Total current assets	8,153,639	274,610	8,428,249
<b><u>NONCURRENT ASSETS</u></b>			
Restricted cash	64,440	21,594	86,034
Capital assets, net	962,274	990,582	1,952,856
Total assets	9,180,353	1,286,786	10,467,139
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflow amounts related to pension liability	638,978	201,783	840,761
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Accounts payable and accruals	264,634	68,956	333,590
Interfund balances	700,625	(700,625)	-
Compensated absences	29,479	-	29,479
Current portion of capital lease obligation	88,174	-	88,174
Total current liabilities	1,082,912	(631,669)	451,243
<b><u>NONCURRENT LIABILITIES</u></b>			
Capital lease obligation	224,889	-	224,889
Net pension liability	1,566,122	494,564	2,060,686
Total other post-employment benefits liability	4,604,230	1,494,008	6,098,238
Total noncurrent liabilities	6,395,241	1,988,572	8,383,813
Total liabilities	7,478,153	1,356,903	8,835,056
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflow amounts related to pension liability	376,990	119,049	496,039
Deferred inflow amounts related to total other post-employment liability	529,142	171,699	700,841
	906,132	290,748	1,196,880
<b><u>NET POSITION</u></b>			
Net investment in capital assets	649,211	990,582	1,639,793
Restricted	64,440	21,594	86,034
Unrestricted	721,395	(1,171,258)	(449,863)
Total net position	\$ 1,435,046	\$ (159,082)	\$ 1,275,964

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues					
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Public Safety	\$ 5,915,243	\$ 655,698	\$ 254,202	\$ (5,005,343)	\$ -	\$ (5,005,343)
Business-Type Activities						
Detention Center	2,161,770	801,493	63,500	-	(1,296,777)	(1,296,777)
Total Government	\$ 8,077,013	\$ 1,457,191	\$ 317,702	(5,005,343)	(1,296,777)	(6,302,120)
General revenues:						
Taxes				5,209,024	-	5,209,024
State Revenue Sharing				66,590	-	66,590
Interest				(2,968)	181	(2,787)
Unrestricted grants and contributions				144,011	56,657	200,668
Miscellaneous				7,092	-	7,092
Transfers				(1,105,846)	1,105,846	-
Total general revenues and transfers				4,317,903	1,162,684	5,480,587
Change in net position				(687,440)	(134,093)	(821,533)
Net position - 06/30/2017 (Restated)				2,122,486	(24,989)	2,097,497
Net position - 06/30/2018				\$ 1,435,046	\$ (159,082)	\$ 1,275,964

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2018**

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 2,212,421
Cash restricted	64,440
Receivables	369,521
Investments	5,540,481
Prepaid expenditures	<u>31,216</u>
TOTAL ASSETS	<u><u>\$ 8,218,079</u></u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 114,541
Accrued liabilities	150,093
Due to other funds	<u>700,625</u>
TOTAL LIABILITIES	<u><u>965,259</u></u>
<b><u>FUND BALANCE</u></b>	
Nonspendable	31,216
Restricted	64,440
Unassigned	<u>7,157,164</u>
TOTAL FUND BALANCE	<u><u>7,252,820</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 8,218,079</u></u>

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

Total Fund Balance at June 30, 2018 - Governmental Funds		\$ 7,252,820
Cost of capital assets at June 30, 2018	\$ 2,882,653	
Less: accumulated depreciation as of June 30, 2018:	<u>(1,920,379)</u>	962,274
Capital lease obligation		(313,063)
Compensated absences obligation		(29,479)
Total other post-employment benefits liability recorded in accordance with GASB 75		
Total other post-employment benefits liability	(4,604,230)	
Deferred inflow of resources - related to total other post-employment benefit liability	<u>(529,142)</u>	(5,133,372)
Net pension obligation balances recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	638,978	
Net pension liability	(1,566,122)	
Deferred inflow of resources - related to net pension liability	<u>(376,990)</u>	<u>(1,304,134)</u>
Net Position at June 30, 2018		<u>\$ 1,435,046</u>

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

	General Fund
<b><u>REVENUES</u></b>	
Taxes	\$ 5,209,024
State revenue sharing	66,590
Intergovernmental revenues	254,202
Fees, charges and commissions for services	655,698
Investment earnings	(2,968)
Other	45,558
Total Revenues	6,228,104
<b><u>EXPENSES</u></b>	
Public safety	
Personal services	3,812,229
Operating services	481,178
Supplies	410,127
Travel	41,593
Professional services	39,710
Capital outlay	399,434
Debt service	
Principle payments on capital lease obligation	154,389
Interest on capital lease obligation	11,352
Total Expenses	5,350,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	878,092
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Transfers out	(1,105,846)
Capital leases	225,946
Total other financing sources (uses)	(879,900)
NET CHANGE IN FUND BALANCE	(1,808)
FUND BALANCE AT BEGINNING OF YEAR	7,254,628
FUND BALANCE AT END OF YEAR	\$ 7,252,820

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

Total Net Changes in Fund Balance - Governmental Funds		\$ (1,808)
Capital Assets:		
Capital outlay and other expenditures capitalized	361,414	
Depreciation expense for year ended June 30, 2018	<u>(205,596)</u>	155,818
Capital Lease:		
Capital lease proceeds	(225,946)	
Principal payments on lease obligations	<u>154,389</u>	(71,557)
Compensated absences expense		(29,479)
Change in Other post-employment benefits liability and deferred inflows and outflows in accordance with GASB 75		(861,600)
Change in Net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>121,186</u>
Change in Net Position - Governmental Activities		<u><u>\$ (687,440)</u></u>

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

	Detention Center Fund
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 192,057
Cash restricted	21,594
Receivables	67,376
Due from other funds	700,625
Prepaid expenses	15,177
Total current assets	996,829
<b>NONCURRENT ASSETS</b>	
Capital assets, net	990,582
Total assets	1,987,411
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflow amounts related to pension liability	201,783
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	68,956
Total current liabilities	68,956
<b>NONCURRENT LIABILITIES</b>	
Total other post-employment benefits liability	1,494,008
Net pension liability	494,564
Total liabilities	2,057,528
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflow amounts related to pension liability	119,049
Deferred inflow amounts related to total other post-employment benefits liability	171,699
	290,748
<b><u>NET POSITION</u></b>	
Net investment in capital assets	990,582
Restricted	21,594
Unrestricted	(1,171,258)
Total net position	\$ (159,082)

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S FUND**  
**MANY, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Detention Center Fund</u>
<b><u>REVENUES</u></b>	
Charges for services	\$ 706,449
Commissary	36,360
Other	58,684
Total operating revenues	<u>801,493</u>
<b><u>EXPENSES</u></b>	
Salaries	901,623
Retirement	302,435
Payroll taxes	23,406
Employee benefits	191,874
Food	197,785
Insurance	65,833
Medical expense	69,456
Miscellaneous	15,316
Professional services	29,188
Repairs and maintenance	75,443
Supplies	102,283
Training	1,180
Telephone	9,976
Utilities	107,778
Depreciation	68,194
Total operating expenses	<u>2,161,770</u>
Operating income (loss)	(1,360,277)
Nonoperating revenues (expenses)	
Intergovernmental revenue	120,157
Interest revenue	181
Total nonoperating revenues (expenses)	<u>120,338</u>
Income (loss) before transfers	(1,239,939)
Transfers in	<u>1,105,846</u>
Change in net position	(134,093)
NET POSITION AT BEGINNING OF YEAR (Restated)	<u>(24,989)</u>
NET POSITION AT END OF YEAR	<u>\$ (159,082)</u>

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Receipts from customers	\$ 834,479
Payments to suppliers and service providers	(1,059,242)
Payments to employees for salaries and benefits	(901,623)
Net cash used in operating activities	<u>(1,126,386)</u>
Cash flows from non-capital financing activities:	
Intergovernmental revenues	120,157
Transfers	1,088,562
Net cash provided by noncapital financing activities	<u>1,208,719</u>
Cash flows from investing activities	
Interest income	<u>181</u>
Net change in cash and cash equivalents	82,514
Cash and cash equivalents, beginning of year	<u>131,137</u>
Cash and cash equivalents, end of year	<u>\$ 213,651</u>
Classified as:	
Current	\$ 192,057
Restricted	21,594
Total	<u>\$ 213,651</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$ (1,360,277)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	68,194
Capital outlay	-
Decrease in accounts receivable	32,986
Decrease in prepaid expenses	1,960
Decrease in deferred outflows related to net pension liability	168,660
Decrease in accounts payable and accruals	(16,492)
Increase in total other post-employment benefits liability	110,922
Decrease in net pension liability	(319,823)
Increase in deferred inflows related to net pension liability	17,087
Increase in deferred inflows related to total other post-employment benefits liability	171,699
Net cash used in operating activities	<u>\$ (1,125,084)</u>

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

	<u>Sheriff's Fund</u>	<u>Tax Collector</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 121,970	\$ 678,196	\$ 800,166
Total Assets	<u>\$ 121,970</u>	<u>\$ 678,196</u>	<u>\$ 800,166</u>
 <b>LIABILITIES</b>			
Due to taxing bodies and others	\$ 121,970	\$ 678,196	\$ 800,166
Total Liabilities	<u>\$ 121,970</u>	<u>\$ 678,196</u>	<u>\$ 800,166</u>

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF  
MANY, 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 property 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 Sabine Parish Sheriff 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 type activities and business-type activities.

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.
- *Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

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.

**SABINE PARISH SHERIFF  
MANY, 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, proprietary 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 (LRS) 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.

The Sheriff reports the following proprietary fund type:

The Detention Center Fund (an Enterprise Fund)

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided the periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Sheriff reports the following fiduciary types:

Agency Funds

The agency funds 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**

For financial reporting purposes, the Sheriff's basic financial statements include all funds that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office. Other than certain operating expenditures of the Sheriff that are paid or provided by the Sabine Parish Police Jury (the Police Jury) as required by Louisiana Law, the Sheriff is financially independent. Accordingly, the Sheriff is a primary government for reporting purposes.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**B. REPORTING ENTITY (continued)**

The criteria for including organizations as component units within the Sheriff's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include items such as whether the organization is legally separate, whether the Sheriff appoints a voting majority of the organization's board, whether the Sheriff is able to impose his will on the organization, etcetera. The Sheriff reports no component units.

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

The Governmental Wide Financial Statements (GWFS), proprietary fund financial statements, and fiduciary fund financial 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. Non-exchange 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.

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 financial statements 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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**F. INTERFUND ACTIVITY**

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

**G. 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.

**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. 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.

**J. COMPENSATED ABSENCES**

Employees of the Sheriff 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. The maximum amount of sick leave that may be accumulated and carried forward is 360 hours. Sick leave is not paid out upon termination, retirement or death. The maximum amount of vacation leave that may be accumulated and carried forward is 40 and 42 hours, based on the number of hours worked per week. Upon termination, an employee is compensated for up to 40 to 42 hours of the unused, previously accrued vacation leave. Compensation is provided at the employee's hourly rate of pay at the time of termination, retirement or death.

**K. 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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**L. 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.

**M. 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 Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed.

**N. 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.

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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**O. 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.

**P. 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 for salaries and benefits of deputies and acquiring, maintaining and operating of Sheriff's vehicles and equipment. The tax, approved by voters on July 17, 2004, was effective from and after October 1, 2004.

The Sheriff collects a one-quarter percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used for the purpose of providing additional funding for the Sheriff's office. The tax, approved by voters on January 18, 2003, was effective August 1, 2003 and is for a period of 10 years ending July 31, 2014. The tax was approved and renewed effective August 1, 2014 and for a period of 10 years ending July 31, 2024.

**Q. PENSION PLAN**

The Sabine Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 10. 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.

**R. 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. It has total deferred outflows of resources related to the net pension liability of \$840,761 See Note 10 for additional information on deferred outflows of resources related to defined benefit pension plans.

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. The Sheriff has deferred inflows of resources related to the net pension liability in the amount of \$496,039 and deferred inflows of resources related to other postemployment benefits of \$700,841. See Note 10 for additional information on deferred inflows of resources related to defined benefit pension plans, and Note 11 for additional information on deferred inflows of resources related to other postemployment benefits.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**S. 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 Entity’s Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total Net Position, June 30, 2017 as previously reported	\$ 5,111,452	\$ 918,895
Reverse post-employment benefit obligation June 30, 2017	1,282,806	439,202
Record total post-employment benefit liability June 30, 2017	<u>(4,271,772)</u>	<u>(1,383,086)</u>
Net effect	<u>(2,988,966)</u>	<u>(943,884)</u>
Total Net Position, June 30, 2017, Restated	<u>\$ 2,122,486</u>	<u>\$ (24,989)</u>

**T. 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 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2019 financial statement. The effect of this standard or its applicability to the Sheriff are unknown at this time.

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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**T. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED** (continued)

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.

**2. LEVIED TAXES**

The Sheriff 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>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law Enforcement District	13.57	13.57	Statutory

**3. CHANGES IN FIDUCIARY AMOUNTS**

A summary of changes in fiduciary amount 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:				
Tax Collector	\$ 363,616	\$ 17,093,073	\$ 16,778,493	\$ 678,196
Sheriff's Fund	90,632	806,708	775,370	121,970
<b>Total</b>	<b>\$ 454,248</b>	<b>\$ 17,899,781</b>	<b>\$ 17,553,863</b>	<b>\$ 800,166</b>

**4. RECEIVABLES**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes	\$ 290,195	\$ -	\$ 290,195
Fees, charges, and commissions for service	60,127	67,376	127,503
Accrued interest on investments	18,524	-	18,524
Other	675	-	675
<b>Total</b>	<b>\$ 369,521</b>	<b>\$ 67,376</b>	<b>\$ 436,897</b>

**5. RESTRICTED ASSETS**

Restricted cash held in the general fund of \$64,440 and in the Detention Center fund of \$21,594 represents funds received from grants, narcotic seizures, litigation settlements, and inmate transactions.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, are as follows:

Governmental activities:

	<u>Building</u>	<u>Autos and Equipment</u>	<u>Total</u>
Cost of Capital Assets as of June 30, 2017	\$ 386,211	\$ 2,414,250	\$ 2,800,461
Additions	-	361,414	361,414
Deletions	<u>-</u>	<u>(279,222)</u>	<u>(279,222)</u>
Cost of Capital Assets as of June 30, 2018	<u>386,211</u>	<u>2,496,442</u>	<u>2,882,653</u>
Accumulated Depreciation as of June 30, 2017	(78,932)	(1,915,073)	(1,994,005)
Additions	(12,932)	(192,664)	(205,596)
Deletions	<u>-</u>	<u>279,222</u>	<u>279,222</u>
Accumulated Depreciation as of June 30, 2018	<u>(91,864)</u>	<u>(1,828,515)</u>	<u>(1,920,379)</u>
Capital Assets, net of accumulated depreciation as of June 30, 2018	<u>\$ 294,347</u>	<u>\$ 667,927</u>	<u>\$ 962,274</u>

For the year ended June 30, 2018 depreciation expense for governmental activities was \$205,596.

Business-Type Activities:

	<u>Land</u>	<u>Building</u>	<u>Autos and Equipment</u>	<u>Total</u>
Cost of Capital Assets as of June 30, 2017	\$ 111,165	\$ 2,104,888	\$ 333,659	\$ 2,549,712
Additions	-	-	-	-
Deletions	<u>-</u>	<u>-</u>	<u>(36,630)</u>	<u>(36,630)</u>
Cost of Capital Assets as of June 30, 2018	<u>111,165</u>	<u>2,104,888</u>	<u>297,029</u>	<u>2,513,082</u>
Accumulated Depreciation as of June 30, 2017	-	(1,221,737)	(269,199)	(1,490,936)
Additions	-	(52,674)	(15,520)	(68,194)
Deletions	<u>-</u>	<u>-</u>	<u>36,630</u>	<u>36,630</u>
Accumulated Depreciation as of June 30, 2018	<u>-</u>	<u>(1,274,411)</u>	<u>(248,089)</u>	<u>(1,522,500)</u>
Capital Assets, net of accumulated depreciation as of June 30, 2018	<u>\$ 111,165</u>	<u>\$ 830,477</u>	<u>\$ 48,940</u>	<u>\$ 990,582</u>

For the year ended June 30, 2018, depreciation expense for business-type activities was \$68,194.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**7. CASH AND CASH EQUIVALENTS**

At June 30, 2018, the Sheriff has cash and cash equivalents (book balances) as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Petty cash	\$ 500	\$ -	\$ -
Demand deposits	1,634,918	231,651	800,166
Time and savings deposits	641,443	-	-
Total deposits	<u>\$ 2,276,861</u>	<u>\$ 231,651</u>	<u>\$ 800,166</u>

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 \$2,792,740 and was fully collateralized or FDIC insured and not exposed to custodial credit risk. Time and savings deposits (money market account) of \$641,443 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.

**8. 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. Government Agencies, certificates of deposit and commercial paper of domestic corporations. 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:

	Total Fair Value	Remaining Maturity			
		Less than one year	1 - 5	6 - 10	11 - 15
Federal Agency Obligations					
Federal National Mortgage Association	\$1,148,153	\$ -	\$ 58,412	\$1,089,741	\$ -
Federal Home Loan Mortgage Corporation	1,767,692	-	587,246	897,977	282,469
Federal Home Loan Bank	2,320,031	-	97,246	1,040,082	1,182,703
Certificates of Deposit	218,326	97,900	-	97,747	22,679
Equity Trusts	86,279	86,279	-	-	-
	<u>\$5,540,481</u>	<u>\$ 184,179</u>	<u>\$ 742,904</u>	<u>\$3,125,547</u>	<u>\$1,487,851</u>

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**8. INVESTMENTS** (continued)

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.

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal agency obligations	\$ -	\$ 5,235,876	\$ -	\$ 5,235,876
Certificates of deposit	218,326	-	-	218,326
 Total investments excluding investments valued at NAV	 <u>\$ 218,326</u>	 <u>\$ 5,235,876</u>	 <u>\$ -</u>	 5,454,202
 GNMA Re-investment (a)				 <u>86,279</u>
 Total investments				 <u>\$ 5,540,481</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 which is 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 investments in Federal Agency Obligations were rated AAA by Moody's Investors Service. The certificates of deposit and the GNMA re-investment 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 and Federal Home Loan Bank. These investments represent 22%, 34% and 44% of total investments, respectively.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**8. INVESTMENTS** (continued)

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. Investments are held with an investment management company which is insured by SIPC for up to \$500,000.

**9. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the Sheriff for the year ended June 30, 2018:

Governmental-type Activities:

	<b>Capital Lease Obligations</b>
Balance at July 1, 2017	\$ 241,506
Increases	225,946
Pay downs and other decreases	(154,389)
Balance at June 30, 2018	\$ 313,063

**10. DEFINED BENEFIT PENSION PLAN**

The Sabine Parish Sheriff’s Office (the Sheriff) is a participating employer in the Sheriffs’ Pension and Relief Fund (Fund), 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’ office 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 Fund. 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.

**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.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN** (continued)

**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 (PRSAC) from available insurance premium taxes described in R.S. 22:1419

The Sheriff's contributions to the Fund, for the years ending June 30, 2018, 2017, and 2016, were \$420,996, \$435,928, and \$455,733 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 \$2,060,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on 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, 2018, the Sheriff's proportion was 0.475879%, which was a decrease of 0.009429% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$354,635 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**10. DEFINED BENEFIT 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience with regard to economic or demographic factors	\$ -	\$ (358,718)
Changes of assumptions about future economic or demographic factors	362,588	-
Net difference between projected and actual earnings on pension plan investments	-	(29,577)
Changes in proportionate and differences between Employer contributions and proportionate share of contributions	57,177	(107,744)
Employer contributions subsequent to the measurement date	420,996	-
Total deferred outflows and deferred inflows	\$ 840,761	\$ (496,039)

The Sheriff reported a total of \$420,996 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.

At June 30, 2018, the net pension liability, deferred outflows and deferred inflows are reflected on the Statement of Net Position as follows:

	Net Pension Liability	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 1,566,122	\$ 638,978	\$ (376,990)
Business-Type Activities	494,564	201,783	(119,049)
Total	\$ 2,060,686	\$ 840,761	\$ (496,039)

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

Year	Total
2019	\$(103,768)
2020	116,571
2021	43,173
2022	(152,133)
2023	18,165
2024	1,718
	\$ (76,274)

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN** (continued)

**Actuarial Methods and Assumptions**

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

<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	7 years
<b>Investment Rate of Return</b>	7.5%, net of investment expense
<b>Projected salary increases</b>	5.5% (2.775% inflation, 2.725% merit)
<b>Mortality</b>	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
<b>Cost of Living Adjustments</b>	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.
<b>Changes in Valuation Methods and Assumptions</b>	The valuation interest rate lowered from 7.6% to 7.5% 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:

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**10. DEFINED BENEFIT PENSION PLAN** (continued)

**Actuarial Methods and Assumptions** (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	60%	4.40%
Bonds	25%	0.70%
Alternative investments	15%	0.60%
Total	<u>100%</u>	5.70%
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>8.30%</u>

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

**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 the Fund 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 the Fund:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.4%	7.4%	8.4%
Sheriff's Share of NPL	\$ 4,245,557	\$ 2,060,686	\$ 222,415

**Payables to the Pension Plan**

The Sheriff recorded accrued liabilities to the Fund for the year ended June 30, 2018 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the retirement system at June 30, 2018 is \$12,915.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

*Plan description* – The Sheriff provides certain continuing health care and life insurance benefits for its retirees. Current employees are eligible for these plan benefits if they meet the following retirement eligibility provisions: 30 years of service at any age; or, age 55 and 20 years of service; or, age 65 and 16 years of service. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that the Sheriff administers. The Sheriff has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits Provided* – Medical, dental, vision, and life insurance benefits are provided to employees upon actual retirement.

Life insurance coverage is available to retirees in the same amount as before retirement. The premium is based on a blended rate (based on age specific rates) for active and the same blended rate for retirees. The employer pays the cost of the retiree life insurance based on the blended rates. Since GASB 75 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

*Employees covered by benefit terms* – The June 30, 2018 total OPEB liability was determined using the July 1, 2017 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>79</u>
	<u>99</u>

**Total OPEB Liability**

The Sheriff's total OPEB liability of \$6,098,238 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 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.62%, annually (as of the end of year measurement date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers 20 Years general obligation municipal bond index as of June 30, 2018, the end of the applicable measurement dates.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**Total OPEB Liability** (continued)

Mortality rates were based on the RR-2000 Combined Table without projection based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates.

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	<u>\$</u>	<u>5,654,858</u>
Changes for the year:		
Service cost		1,069,544
Interest		243,423
Differences between expected and actual experience		(739,777)
Benefit payments		(129,810)
Net changes		<u>443,380</u>
 Balance at June 30, 2018	 <u>\$</u>	 <u>6,098,238</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$133,055.

*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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

	<b>1.0% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1.0% Increase (4.62%)</b>
Total OPEB liability	<u>\$ 7,073,923</u>	<u>\$ 6,098,238</u>	<u>\$ 5,300,936</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the Entity, as well as what the Entity’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:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Discount Rate (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	<u>\$ 5,143,163</u>	<u>\$ 6,098,238</u>	<u>\$ 7,355,228</u>

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (continued)

**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 \$1,274,031. 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	\$ -	\$ (700,841)
Total	<u>\$ -</u>	<u>\$ (700,841)</u>

At June 30, 2018, the total OPEB liability, deferred outflows of resources and deferred inflows of resources are reflected on the Statement of Net Position as follows:

	Net OPEB Liability	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 4,604,230	\$ -	\$ (529,142)
Business-Type Activities	<u>1,494,008</u>	<u>-</u>	<u>(171,699)</u>
Total	<u>\$ 6,098,238</u>	<u>\$ -</u>	<u>\$ (700,841)</u>

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	\$ (38,936)
2020	(38,936)
2021	(38,936)
2022	(38,936)
2023	(38,936)
Thereafter	<u>(506,161)</u>
	<u>\$ 700,841</u>

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**12. LEASES**

The Sheriff has entered into numerous lease arrangements for vehicles with payments terms generally extending 36 months and monthly payments ranging from approximately \$800 to \$4,800 per month. The following is a schedule of future minimum lease payments including interest of the net future minimum lease payments as of June 30, 2018:

<u>Year ended June 30,</u>	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
2019	\$ 88,174	\$ 5,411	\$ 93,585
2020	146,804	5,898	152,702
2021	72,455	1,623	74,078
2022	5,630	43	5,673
Total	<u>\$ 313,063</u>	<u>\$ 12,975</u>	<u>\$ 326,038</u>

**13. LITIGATION AND CLAIMS**

At June 30, 2018, the Sheriff was involved in several lawsuits. In the opinion of the Sheriff's legal counsel, the ultimate resolution of these claims would not create a liability to the Sheriff in excess of existing insurance coverage.

**14. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL**

The Sheriff's office is located in the parish courthouse. Expenditures for maintenance and operation of the parish courthouse, as required by state statute, are paid by the Sabine Parish Police Jury and are not included in the accompanying financial statements.

**15. DUE TO/FROM OTHER FUNDS**

Individual balances due to/from other funds at June 30, 2018 are as follows:

	<u>Due to Other Funds</u>	<u>Due From Other Funds</u>
Major funds:		
General Fund - Governmental	\$ 700,625	\$ -
Detention Center - Proprietary	-	700,625
	<u>\$ 700,625</u>	<u>\$ 700,625</u>

**16. EX-OFFICIO TAX COLLECTOR**

The amount of cash on hand and available for settlements as of June 30, 2018 was \$678,196. Of that cash on hand, \$653,378 is related to taxes paid under protest.

As of June 30, 2018, \$833 of the taxes assessed in Sabine Parish from the 2018 tax roll was not collected. The uncollected taxes pertaining to immovable property are pending resolution from the Louisiana Tax Commission. The uncollected taxes pertaining to movable properties are for businesses, oil and gas or pipelines. These will have tax liens placed on them. As of June 30, 2018, \$47,840 of the taxes assessed were refunded.

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**16. EX-OFFICIO TAX COLLECTOR** (continued)

The amount of taxes assessed and uncollected for the current year by millage is as follows:

Entity	Mills/Rate	Assessed Taxes	Uncollected Taxes
Health Unit	1.04	\$ 192,125	\$ 8
Parish Wide Assessment	6.43	1,187,835	52
Parish Wide General Alimony	4.78	883,027	39
Parish Wide Humane Society	1.67	308,505	14
Parish Wide Law Enforcement	13.57	2,506,834	111
Parish Wide Library	5.25	969,828	43
Parish Wide School Construction	5.35	988,329	44
Parish Wide School Maintenance	9.02	1,666,295	74
Road District #18 B&M	10.90	173,837	-
Road District #16 B&M	10.02	110,836	-
Road District #9 B&M	10.25	225,549	-
Road District #17 B&M	9.97	352,681	-
Road District #15 B&M	13.02	280,769	74
Road District #1 B&M	16.65	402,932	-
Road District #4 B&M	13.87	286,068	34
Road District #19 B&M	15.51	152,040	-
Road District #20 B&M	22.16	77,066	-
Road District #11 B&M	25.64	436,493	-
Forestry Tax	0.08	34,052	3
South Toledo Waterworks	0.50	5,187	-
PSC Louisiana Tax Commission Fee	0.40	8,051	-
BS Louisiana Tax Commission Fee	0.15	484	-
South Sabine School District B&E	7.82	181,187	-
South Sabine School District Bond	10.47	242,587	-
Negreet Bond-WLM	11.26	-	-
Negreet School District B&E	6.63	181,039	-
Negreet School District Bond	11.26	307,464	-
Many Bond-WLM	30.25	-	-
Many School District B&E	7.23	257,870	-
Many School District Bond	30.25	1,078,920	-
Ebarb School District B&E	16.09	95,772	91
Ebarb School District Bond	19.25	114,582	109
Converse School District B&E	12.90	554,530	-
Converse School District Bond	6.02	258,781	-
Pleasant Hill School District B&E	11.82	284,549	29
Pleasant Hill School District Bond	2.85	68,610	7
Zwolle Bond-WLM	12.80	-	-
Zwolle School District B&E	11.17	278,891	-
Zwolle School District Bond	12.80	319,587	-
Sabine Parish Fire Protection District 1 Wards 1&2	10.53	283,865	-
Sabine Parish Fire Protection District 1 Wards 1&2	8.50	229,190	-
Sabine Parish Fire Protection District 1 Wards 3 & 4	4.81	275,936	-
North Sabine Parish Fire Protection District 1	5.39	521,659	44
North Sabine Parish Fire Protection District 2	7.00	677,429	57
Total		\$ 17,461,271	\$ 833

**SABINE PARISH SHERIFF  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**17. 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. The Tax Collector collected \$316,703 in ad valorem taxes paid under protest at June 30, 2018.

**18. 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 \$30,000 for the fiscal year ended June 30, 2018.

**REQUIRED**  
**SUPPLEMENTARY INFORMATION**

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>			
Taxes	\$ 4,843,465	\$ 4,843,465	\$ 5,209,024
State revenue sharing	66,575	66,575	66,590
Intergovernmental revenue	221,800	221,800	254,202
Fees, charges, and commissions for services:	647,675	647,675	655,698
Interest and investment income	74,640	74,640	(2,968)
Other	75,000	75,000	45,558
Total Revenues	<u>5,929,155</u>	<u>5,929,155</u>	<u>6,228,104</u>
<b><u>EXPENDITURES</u></b>			
General Government			
Personal services and related benefits	3,669,919	3,669,919	3,812,229
Operating services	412,435	412,435	481,178
Material and supplies	386,945	386,945	410,127
Travel and other charges	12,000	12,000	41,593
Professional services	37,000	37,000	39,710
Capital outlay	29,000	29,000	173,488
Debt Service			
Principle payments on capital lease obligation	160,121	160,121	154,389
Interest on capital lease obligation	15,261	15,261	11,352
Total Expenditures	<u>4,722,681</u>	<u>4,722,681</u>	<u>5,124,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,206,474	1,206,474	1,104,038
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers out	(1,188,602)	(1,188,602)	(1,105,846)
Total Other Financing Sources (Uses)	<u>(1,188,602)</u>	<u>(1,188,602)</u>	<u>(1,105,846)</u>
NET CHANGE IN FUND BALANCE	17,872	17,872	(1,808)
FUND BALANCE AT BEGINNING OF YEAR	<u>7,761,062</u>	<u>7,761,062</u>	<u>7,254,628</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,778,934</u>	<u>\$ 7,778,934</u>	<u>\$ 7,252,820</u>

**Notes to Schedule:**

Budget to Actual Reconciliation - Budgets are prepared on a budgetary basis which does not recognize the non-cash affects of other financing sources and capital outlay associated with debt used to purchase or lease assets. A reconciliation of the budgetary basis capital outlay and other financing sources is presented below:

	<u>Capital outlay</u>	<u>Other financing sources</u>
GAAP basis capital outlay and other financing sources	\$ 399,434	\$ 225,946
Back out: Assets acquired through a capital lease	(225,946)	(225,946)
Budgetary basis capital outlay and other financing sources	<u>\$ 173,488</u>	<u>\$ -</u>

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY 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	\$ 1,069,544	\$ 243,423	\$ (739,777)	\$ -	\$ (129,810)	\$ 443,380	\$ 5,654,858	\$ 6,098,238	\$ 3,176,730	191.97%

**Notes to Schedule:**

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

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

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.

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.48%	\$ 2,060,686	\$ 3,288,052	62.67%	88.49%
2017	0.49%	3,080,199	3,314,415	92.93%	82.10%
2016	0.47%	2,102,210	3,126,852	67.23%	86.61%
2015	0.48%	1,899,694	3,173,301	59.86%	87.34%

*This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.*

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

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

**SCHEDULE OF THE EMPLOYER CONTRIBUTIONS TO**  
**SHERIFFS' PENSION AND RELIEF FUND**

Year	Contractually Required Contribution <sup>1</sup>	Contributions in Relation to Contractually Required Contribution <sup>2</sup>	Contribution Deficiency (Excess)	Employer's Covered Payroll <sup>3</sup>	Contributions as a % of Covered Payroll
2018	\$ 420,996	\$ 420,996	\$ -	\$ 3,301,934	12.75%
2017	435,928	435,928	-	3,288,052	13.26%
2016	455,733	455,733	-	3,314,415	13.75%
2015	445,576	445,576	-	3,126,852	14.25%

*This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.*

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by employer's covered payroll*

<sup>2</sup> *Actual employer contributions remitted to Fund*

<sup>3</sup> *Employer's covered payroll amount for the fiscal year ended June 30*

**OTHER SUPPLEMENTARY INFORMATION**

STATE OF LOUISIANA, PARISH OF Sabine

AFFIDAVIT

Ronald G. Richardson (Sheriff's Name), Sheriff of Sabine (Parish)

BEFORE ME, the undersigned authority, personally came and appeared, Ronald G. Richardson, the sheriff of Sabine Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$ 678,196 is the amount of cash on hand in the tax collector account on

June 30, 2018 (Date);

He further deposed and said:

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

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

  
Signature  
Sheriff of Sabine  
(Parish)

SWORN to and subscribed before me, Notary, this 28 day of 12 - 2018, in my office in the Many, Louisiana.  
(City/Town)

Marcella A Trame (Signature)

Marcella A Trame (Print), # 63007  
Notary Public

At Death (Commission)

**SABINE PARISH SHERIFF'S OFFICE**  
**MANY, LOUISIANA**

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

Sabine Parish Sheriff, Ronny Richardson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 145,762
Benefits - insurance	10,792
Benefits - retirement	20,439
Travel expense allowance	<u>14,576</u>
	<u>\$ 191,569</u>

**OTHER REPORTS REQUIRED BY**  
**GOVERNMENTAL 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 Ronald G. Richardson  
Sabine Parish Sheriff  
Many, 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, business-type activities, each major fund, and the aggregate remaining information of the Sabine Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sabine Parish 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 a significant deficiency identified as 2018-001.



### **Compliance and Other matters**

As a part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of 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 matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as 2018-002.

### **Sabine Parish Sheriff's Response to Findings**

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

**SABINE PARISH SHERIFF**  
**MANY, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Sabine Parish Sheriff's Office as of and for the year June 30, 2018.
2. One significant deficiency was reported relating to the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the Sabine Parish Sheriff's Office was identified during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

**2018-001**

**Agency Fund Reconciliation (Repeat)**

Criteria:

The Sheriff's Fund bank account is used as a depository for court fines, traffic tickets payments, commercial 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:

These depository cash balances are reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales upon request. However, the cash balances are not reconciled to subsidiary listings regularly.

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 initiate/improve the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

*The Sheriff will implement the above controls. This resolution will be implemented by June 30, 2019.*

**SABINE PARISH SHERIFF**  
**MANY, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

**2018-002**

**Louisiana Bid Law**

**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:**

Three telephone or facsimile quotations were not obtained for two purchases for materials and supplies of ten thousand dollars or more, but less than thirty thousand dollars.

**Effect:**

The Sheriff is in violation of the Louisiana Bid Law.

**Cause:**

The Sheriff did not consider the applicability of Louisiana Bid Law when making these purchases.

**Recommendation:**

The Sheriff should consider the applicability of the Louisiana Public Bid law prior to purchases.

**Management's Response and Planned Corrective Action:**

*The Sheriff agrees with the recommendation. This resolution will be implemented by June 30, 2019.*

**SABINE PARISH SHERIFF**  
**MANY, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2018**

FINDINGS – FINANCIAL STATEMENT AUDIT

**2017-001**                      **Segregation of Duties and Internal Controls (Repeat)**

Criteria:                      Internal controls should be established to ensure that transactions are authorized, and errors and unauthorized transactions are prevented or detected and corrected timely. Generally, effective internal controls segregate the incompatible duties of authorizing the transaction, accounting and reconciliation duties and having access to the assets. If mitigating controls exists, then those control procedures should be clear and documented.

Condition:                      We observed the following conditions:

- Purchase requisitions and purchase orders may be prepared by the Civil Deputy. In addition, the Civil Deputy approves invoices for payment as well as has the authority to sign checks. To mitigate this, non-routine purchases that are initiated by the Civil Deputy are scrutinized by the accounts payable clerk. However, there is no formalized documentation evidencing this scrutiny.
- There are no documented vendor lists with the Sheriff's initials evidencing his review and approval of the vendor list.

Current Status:                      *Resolved.*

**2017-002**                      **Agency Fund Reconciliation (Repeat)**

Criteria:                      The Sheriff's Fund bank account is used as a depository for court fines, traffic tickets payments, commercial 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:                      These depository cash balances are reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales upon request. However, the cash balances are not reconciled to subsidiary listings regularly.

Current Status:                      *Repeat finding 2018-001.*

**SABINE PARISH SHERIFF**  
**MANY, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2018**

FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

**2017-003**

**Louisiana Budget Law (Repeat)**

Criteria:

In accordance with 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 revenue portion of the statute noting actual revenues were less than the final budgeted revenues by more than 5%.

Current Status:

*Resolved.*

---

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

---



**P&N**

Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://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
Schedule B: Management's Response and Corrective Action Plan	14 - 15



Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 - Baton Rouge, LA 70809

225-922-4600 Phone - 225-922-4611 Fax - [www.pn.com](http://www.pn.com)

A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A, which were agreed to by Sabine Parish Sheriff's Office (Sheriff's Office) and the Louisiana Legislative Auditor (LLA) (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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 27, 2018

**SABINE 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, "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).

*No exceptions noted.*

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.

*The Sheriff has written policies for contracting; however, the policies do not contain attributes regarding (2) standard terms and conditions and (5) the monitoring process.*

**SABINE 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 and (5) documentation requirements.*

- 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.

*The Sheriff has written policies for ethics; however, the policies do not contain attributes regarding (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) a system to monitor possible ethic violations, and (4) the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.*

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

*Not applicable as the Sheriff does not have and historically has not had debt.*

***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 Sheriff's Department. As such, this procedure is not applicable to the Sheriff's Department.*

**SABINE 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 Sheriff's Department. As such, this procedure is not applicable to the Sheriff's Department.*

- 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 Sheriff's Department. As such, this procedure is not applicable to the Sheriff's Department.*

***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 sixteen (16) bank accounts. Management identified the Sheriff's main operating account. A signed representation by management was obtained on the completeness of the listing provided.*

*From the listing provided, we selected five (5) bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending May 31, 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.*

**SABINE 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.

*Three (3) of the five (5) bank reconciliations tested had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these 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 three (3) 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.

*For one (1) of the two (2) collection locations tested, employees responsible for cash collections share cash drawers/registers.*

- 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.

*No exceptions noted.*

**SABINE 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.

*No exceptions noted.*

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. Of the five (5) bank accounts selected, one (1) did not have deposits during the month randomly selected for procedures #3. 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.

*No exceptions noted.*

- 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.*

**SABINE 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).

*Sheriff did not make the deposit within one (1) business day of receipt for one (1) of the eight (8) deposits tested. Exception noted as DARE receipt for \$100 included in the May 17, 2018 deposit in the amount of \$16,641.*

- 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 one (1) location. A signed representation by management was obtained on the completeness of the listing provided.*

*From the listing provided, we selected the one (1) location 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 payment processing location selected in procedure #8 was provided.*

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

*No exceptions noted. As part of our testing, we noted the Chief Civil Deputy has the ability to initiate and approve purchases, approve payments, sign checks, and add vendors. We noted these are overlapping duties that can lead to segregation of duties issues. However, based on our testing along with inquiry of the Sheriff's Office personnel, we noted the Sheriff's Office practices separation of duties to ensure appropriate segregation of duties.*

**SABINE 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)

---

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

*No exceptions noted.*

- 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. As part of our testing, we noted the Chief Civil Deputy has the ability to initiate and approve purchases, approve payments, sign checks, and add vendors. We noted these are overlapping duties that can lead to segregation of duties issues. However, based on our testing along with inquiry of the Sheriff's Office personnel, we noted the Sheriff's Office practices separation of duties to ensure appropriate segregation of duties.*

- 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.

*For the one (1) payment processing location tested, the employee responsible for processing payments mails the checks.*

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 one (1) payment processing location selected in procedures #8 was provided related to the reporting period. A signed representation by management was obtained on the completeness of the listing provided.*

*From the listings provided, we randomly selected five (5) disbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*For one (1) of the five (5) disbursements tested, a purchase order / requisition was not prepared. It was noted that the purchase was a reoccurring expense and the Sheriff does not issue purchase orders / requisitions for such expenses.*

*For all five (5) disbursements tested, the person responsible for processing payment also mailed the check.*

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

Schedule A

***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. A signed representation by management was obtained on the completeness of the listing provided.*

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) 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. All five (5) of the randomly selected cards were fuel cards.*

- 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).

*As the five (5) randomly selected were fuel cards, this procedure was not applicable.*

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

Schedule A

***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:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. 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.*

- 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](http://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:

*An active vendor list for the fiscal period 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) contracts and performed the procedures below.*

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

Schedule A

***Contracts*** (continued)

---

- 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.

*Of the five (5) service agreements selected for testing, three (3) were Louisiana Public Bid Law applicable. Two (2) of the three (3) contracts were not compliant as there was no evidence of solicited quotes (contract amounts were between \$10,000 and \$30,000 for both vendors).*

- 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).

*We noted no exception for one (1) of the five (5) service agreements. There was no formal / written contract for four (4) of the five (5) service agreements. As such, we were unable to perform the procedures for that service agreement.*

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

*We noted no exception for one (1) of the five (5) service agreements. There was no formal / written contract for four (4) of the service agreements. As such, we were unable to perform the procedures for that service agreement.*

- 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.

*We noted no exception for one (1) of the five (5) service agreements. There was no formal / written contract for four (4) of the service agreements. 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.*

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

Schedule A

***Payroll and Personnel*** (continued)

---

- 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.*

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' cumulative 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. 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. No exceptions noted.*

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.

*For all five (5) employees/officials selected for testing, documentation that the required ethics training was completed could not be obtained.*

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

Schedule A

***Ethics*** (continued)

---

- 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.

*For all five (5) employees/officials selected for testing, signature verification evidencing that the employee/official had read the Sheriff's ethics policy during the fiscal period could not be obtained.*

***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.*

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.

*Not applicable as the Sheriff did not have any bonds/notes outstanding at the end of the fiscal period.*

***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.

*No exceptions noted.*

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

Schedule B

The Sabine 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 develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2019.

***Bank Reconciliations***

---

3.c) We have cleared some items. Some can't be. Going forward, we will write notes about our findings. This will be implemented by March 31, 2019.

***Collections***

---

5.a) We have limited staff. It is impractical and perhaps not physically possible for each employee to maintain separate cash drawers but we believe we have adequate controls. Cash and collection records are reconciled daily before closing. Any discrepancy between a recorded collection and bank deposit will be determined by the next business day when the deposit is taken to the bank.

7.d) This was not discussed with management, so is presumed to refer to the same conditions as addressed last year. With limited personnel, management does not consider it to be time-feasible to run to the bank to make general operating account deposits on a near-daily basis. These deposits consist overwhelmingly of checks, not cash. They are locked overnight and there is only a very limited chance of theft.

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

---

10.b) The employee who prepares and mails checks does not have authority to approve payment. Copies of all checks are filed with supporting documentation.

***Contracts***

---

15.a) The two non-compliant exceptions provided to management all involved separate retail purchases, none exceeding \$2,600. The sheriff will analyze various vendor relationships and determine the applicability of its contracts policy and bid law. The Sheriff anticipates that all contracts will be compliant with the contracts policy and bid law by June 30, 2019.

15.b-d) The Sheriff will continue to assess vendor relationships for compliance with the contracts policy. The Sheriff anticipates that all contracts will be compliant with our policy by June 30, 2019.

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

Schedule B

***Ethics***

---

20. The personnel policy will be strengthened to require ethics training for new employees and all full-time employees annually, with appropriate documentation in file. All full-time employees will be required to complete ethics training by March 31, 2019, except the sheriff, who is aware of ethics training requirements and maintains his own documentation.



Postlethwaite & Netterville

8550 United Plaza Blvd , Ste. 1001 - Baton Rouge, LA 70809  
225-922-4600 Phone - 225-922-4611 Fax - [www.pn.com](http://www.pn.com)

*A Professional Accounting Corporation*

Honorable Ronald G. Richardson  
Sabine Parish Sheriff  
Many, Louisiana

We have audited the financial statements of the Sabine Parish Sheriff's Office for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018. As part of our audit, we evaluated internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit, we became aware of several matters that are opportunities for strengthening internal accounting controls or the operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 27, 2018, on the financial statements of the Sabine Parish Sheriff or the Sheriff's internal control over financial reporting.

**MLC-2018-001 Segregation of Duties and Internal Controls**

**Findings:** Internal controls should be established to ensure that transactions are authorized, and errors and unauthorized transactions are prevented or detected and corrected timely. Generally, effective internal controls segregate the incompatible duties of authorizing the transaction, accounting and reconciliation duties and having access to the assets. If mitigating controls exists, then those control procedures should be clear and documented.



Postlethwaite & Netterville

**MLC-2018-001 Segregation of Duties and Internal Controls (Continued)**

We observed the following conditions:

- The Chief Deputy has the authority to issue purchase requisitions/purchase orders, approves invoices for payment and the authority to sign checks. There has been improvement made with mitigating the lack of segregation of duties. Non-routine purchases initiated by the Chief Civil Deputy are scrutinized by the Accounts Payable Clerk. Further, material non-routine purchases initiated by the Chief Civil Deputy must be approved by the Sheriff. Further, policies and procedures were adopted, which broadly describe these mitigating controls. However, policies and procedures do not specifically address the method, frequency, or documentation evidencing these reviews and approvals.
- The Chief Civil Deputy has the authority to approve timesheets, change pay rates and approve payroll. In addition, the Payroll Clerk processes payroll as well as updates/changes pay rates (approved by Sheriff, Chief Deputy and/or Chief Civil Deputy) in the payroll system. As a mitigating process, the payroll is also reviewed for reasonableness by the Sheriff. However, policies and procedures do not specifically address the method, frequency, or documentation evidencing these reviews and approvals.

**Recommendation:** The Sheriff should update policies and procedures to fully describe the methods, frequencies and documentation evidencing the review and/or approval of transactions initiated by the Chief Civil Deputy and payroll. The process of reviewing and/or approving should be evidenced by initials or signatures on the documents being reviewed and/or approved.

**MLC-2018-002 Louisiana Budget Law**

**Findings:** In accordance with 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%.

The Sheriff was in violation of the expenditure portion of the statute noting actual expenditures were more than the final budgeted expenditures by more than 5%. The Sheriff amended the budget to account for the increase in projected expenditures, but the budget was not published in accordance with state law.

**Recommendation:** The Sheriff should analyze budget to actual comparisons regularly and amend the budget as necessary and publish the amended budget in accordance with state law.

This information is intended solely for the use of the Sheriff and management of the Sabine Parish Sheriff's Office and should not be used for any other purpose.

Baton Rouge, Louisiana  
December 27, 2018