

ST. MARY PARISH SHERIFF

Franklin, Louisiana

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Scott Anslum
St. Mary Parish Sheriff
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish 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.

Auditor's Responsibility

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

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

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We believe that the audit evidence we 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, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the Sheriff implemented the provisions of the Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. 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 budgetary comparison information, the schedule of changes in the total OPEB liability and related ratios, the schedule of proportionate share of net pension liability, and the schedule of contributions on pages 42-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Mary Parish Sheriff's basic financial statements. The schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head 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 schedules of individual funds, sworn statement, and schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the St. Mary 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 solely 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 the St. Mary 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 St. Mary Parish Sheriff's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 30, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Position
June 30, 2018

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,866,614 |
| Receivables: | |
| Due from other governmental units | 243,737 |
| Other receivables | 396,019 |
| Prepaid expenses | 55,972 |
| Noncurrent assets: | |
| Capital assets: | |
| Nondepreciable | 112,729 |
| Depreciable, net of accumulated depreciation | <u>1,151,450</u> |
| Total assets | 5,826,521 |
| Deferred outflows of resources | <u>1,442,603</u> |
| Total assets and deferred outflows of resources | <u>\$ 7,269,124</u> |

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Position
June 30, 2018

| | Governmental Activities |
|--|----------------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | |
| Current liabilities: | |
| Accounts, salaries, and other payables | \$ 462,960 |
| Due to taxing bodies and others | 2,546 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Compensated absences | 175,900 |
| Workman's compensation | 3,232 |
| Portion due or payable after one year: | |
| Compensated absences | 13,240 |
| Workman's compensation | 51,723 |
| Net other postemployment benefit obligation | 8,175,639 |
| Net pension liability | 3,841,823 |
| Total liabilities | 12,727,063 |
| Deferred inflows of resources | 1,393,469 |
| Net position: | |
| Net investment in capital assets | 1,264,179 |
| Restricted for Law Enforcement Sub-District No. 1 | 832,492 |
| Unrestricted | (8,948,079) |
| Total net position | (6,851,408) |
| Total liabilities, deferred inflows of resources and net position | \$ 7,269,124 |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--------------------------|---------------|---|--|--|---|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue And Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| Public safety | \$ 11,576,434 | \$ 1,916,833 | \$ 693,579 | \$ 9,539 | \$ (8,956,483) |
| General Revenues: | | | | | |
| | | | | | 5,915,651 |
| | | | | | 2,091,785 |
| | | | | | 184,216 |
| | | | | | 197,303 |
| | | | | | 2,234 |
| | | | | | 44,256 |
| | | | | | <u>352,179</u> |
| | | | | | <u>8,787,624</u> |
| | | | | | (168,859) |
| | | | | | <u>(6,682,549)</u> |
| | | | | | <u>\$ (6,851,408)</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Balance Sheet – Governmental Funds
June 30, 2018

| | General Fund | Special Revenue Fund | Total |
|---|-----------------|-------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,012,567 | \$ 854,047 | \$ 3,866,614 |
| Receivables: | | | |
| Due from other governmental units | 243,737 | - | 243,737 |
| Other receivables | 395,887 | 132 | 396,019 |
| Due from other funds | 21,687 | - | 21,687 |
| Prepaid expenses | 55,972 | - | 55,972 |
| Total assets | \$ 3,729,850 | \$ 854,179 | \$ 4,584,029 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts, salaries, and other payables | \$ 462,960 | \$ - | \$ 462,960 |
| Due to taxing bodies and others | 2,546 | - | 2,546 |
| Due to other funds | - | 21,687 | 21,687 |
| Total liabilities | 465,506 | 21,687 | 487,193 |
| Fund balance: | | | |
| Nonspendable: | | | |
| Prepays | 55,972 | - | 55,972 |
| Restricted: | | | |
| Law Enforcement Sub-District No. 1 | - | 832,492 | 832,492 |
| Unassigned | 3,208,372 | - | 3,208,372 |
| Total fund balance | 3,264,344 | 832,492 | 4,096,836 |
| Total liabilities and fund balance | \$ 3,729,850 | \$ 854,179 | \$ 4,584,029 |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

| | | |
|--|--------------------|-----------------------|
| Total fund balances - governmental funds | | \$ 4,096,836 |
| Cost of capital assets at June 30, 2018 | 4,888,134 | |
| Less: Accumulated depreciation as of June 30, 2018: | | |
| Equipment | (1,051,038) | |
| Furniture | (29,538) | |
| Vehicles, boats, and trailers | (2,144,870) | |
| Buildings and improvements | <u>(398,509)</u> | |
| | | 1,264,179 |
| Long-term liabilities at June 30, 2018: | | |
| Workman's compensation | (54,955) | |
| Compensated absences payable | (189,140) | |
| Other postemployment benefit obligations | (8,175,639) | |
| Net pension liability | <u>(3,841,823)</u> | |
| | | (12,261,557) |
| Deferred outflows and inflows of resources at June 30, 2018: | | |
| Deferred outflows of resources related to pensions | 1,442,603 | |
| Deferred inflows of resources related to pensions | <u>(1,393,469)</u> | |
| | | <u>49,134</u> |
| Total net position - governmental activities | | <u>\$ (6,851,408)</u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended June 30, 2018

| | General Fund | Special Revenue Fund | Total |
|---|-----------------|-------------------------|--------------|
| Revenues: | | | |
| Ad valorem taxes | \$ 5,770,868 | \$ 144,783 | \$ 5,915,651 |
| Sales taxes | 2,091,785 | - | 2,091,785 |
| Intergovernmental revenues - | | | |
| Federal grants | 37,322 | - | 37,322 |
| State grants | 30,228 | - | 30,228 |
| Parish grants | 37,562 | - | 37,562 |
| State revenue sharing | 184,216 | - | 184,216 |
| State supplemental pay | 598,008 | - | 598,008 |
| Salary supplemental pay | 269,574 | - | 269,574 |
| Video poker | 142,303 | - | 142,303 |
| Indian gaming | 55,000 | - | 55,000 |
| Fees, charges, and commissions for service - | | | |
| Civil and criminal fees | 551,921 | - | 551,921 |
| Court attendance | 14,824 | - | 14,824 |
| Feeding, transporting, and keeping of prisoners | 743,566 | - | 743,566 |
| Fines and forfeitures | 138,428 | - | 138,428 |
| Commissary sales | 43,497 | - | 43,497 |
| Other | 155,023 | - | 155,023 |
| Investment income | 1,471 | 763 | 2,234 |
| Miscellaneous | 44,256 | - | 44,256 |
| Total revenues | 10,909,852 | 145,546 | 11,055,398 |
| Expenditures: | | | |
| Current - | | | |
| Public safety: | | | |
| Personnel and related benefits | 8,794,953 | 107,122 | 8,902,075 |
| Operating services | 866,499 | 6,392 | 872,891 |
| Materials and supplies | 1,120,872 | 10,048 | 1,130,920 |
| Debt service - | | | |
| Workmen's compensation judgment | 3,232 | - | 3,232 |
| Interest and fiscal charges | 2,838 | - | 2,838 |
| Capital outlay | 45,285 | - | 45,285 |
| Total expenditures | 10,833,679 | 123,562 | 10,957,241 |
| Net change in fund balances | 76,173 | 21,984 | 98,157 |
| Fund balances, beginning of year | 3,188,171 | 810,508 | 3,998,679 |
| Fund balances, end of year | \$ 3,264,344 | \$ 832,492 | \$ 4,096,836 |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2018

| | |
|--|---------------------|
| Total net change in fund balances - governmental funds | \$ 98,157 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period. | (264,160) |
| Payments of compensated absences and the workman's compensation liability are expenditures in the governmental funds, but these payments reduce long-term liabilities in the statement of net position. | 45,354 |
| Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not recorded as a fund expenditure. | (607,204) |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | |
| Pension contributions subsequent to the measurement date | 728,121 |
| Cost of benefits earned net of employee contributions | (508,522) |
| Amortization of excess contributions during the measurement period | (12,784) |
| Some revenues reported in the statement of activities do not provide current financial resources in governmental funds: | |
| Non employer pension contributions | <u>352,179</u> |
| Change in net position - governmental activities | <u>\$ (168,859)</u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Fiduciary Net Position
June 30, 2018

| | <u>Agency Funds</u> |
|--|-----------------------------------|
| ASSETS | |
| Cash | <u>\$ 617,654</u> |
| Total assets | <u><u>\$ 617,654</u></u> |
| LIABILITIES | |
| Due to taxing bodies, prisoners and others | <u>\$ 617,654</u> |
| Total liabilities | <u><u>\$ 617,654</u></u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the St. Mary Parish Sheriff (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, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the District Court. The Sheriff is also responsible for distributing parish occupational licenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Sheriff conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the Louisiana Governmental Audit Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting

The Sheriff adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, during the year ended June 30, 2018. The new standard requires the Sheriff to record the OPEB liability related to its participation in a single employer defined benefit OPEB plan, restating the earliest year presented.

Government-wide and Fund Financial Statements

The Sheriff's basic financial statements consist of the government-wide statements on all activities of the Sheriff and the governmental fund financial statements (individual major funds).

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the St. Mary Parish Sheriff. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (a) fees and charges paid by the recipients of services offered by the St. Mary Parish Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales and use tax revenues are recognized in the period in which the underlying exchange transaction has occurred.

Grants and similar items are recognized as revenues in the year in which they are earned. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include sales and use taxes, earned grant revenues, intergovernmental revenues, and interest on investments.

The government reports the following governmental funds:

General Fund--The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, sales tax collections, and fees for the feeding and keeping of prisoners. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance. General operating expenditures are paid from this fund.

Special Revenue Fund--The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the revenues and expenditures related to Law Enforcement Sub-District No. 1.

Use of Restricted Funds

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.

Fiduciary Funds - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, and inmate monies. Disbursements from these funds are made to various parish agencies, litigants in suits, inmates, 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.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the law of the United States.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are charged off at the time information becomes available which would indicate uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as assets. All capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|-------------------------------|-------------|
| Equipment | 5-10 Years |
| Furniture | 5 Years |
| Vehicles, boats, and trailers | 5 Years |
| Buildings and improvements | 20-40 Years |

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the Sheriff's Office.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Sheriff applies restricted net position first.

Fund Financial Statements:

The Sheriff applies GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. See Note 9 for further explanation.

Compensated Absences

Employees of the Sheriff's Office earn vacation leave based on time of service. Two weeks is earned for each year of service from one to six years, three weeks from seven to fifteen years of service and four weeks is earned for each year of service from sixteen years thereafter. Vacation leave is non-cumulative. One-half day of sick leave is earned each month up to seven years of service at which time the employee earns one day per month. Unused sick days are carried over

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and accumulated up to 480 hours total. Sick leave is not compensable if an employee leaves the service of the St. Mary Parish Sheriff.

Use of Estimates

The Sheriff uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures.

Other Postemployment Benefit Obligations

The Sheriff applies the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the Sheriff to calculate and recognize a net *other postemployment benefit* (OPEB) obligation at June 30, 2018. See Note 20 for further details.

Pensions

The Sheriff applies the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the Sheriff to calculate and recognize a net pension liability at June 30, 2018. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriffs' Pension and Relief Fund and additions to/deductions from the Sheriffs' Pension and Relief Fund fiduciary net position have been determined on the same basis as they are reported by the Sheriffs' Pension and Relief Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 22 for further details.

Deferred Outflows of Resources and Deferred 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. The Sheriff reported deferred outflows of resources related to pensions.

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 (revenue) until that time. The Sheriff reported deferred inflows of resources related to pensions.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

See Note 22 for additional information related to deferred outflows of resources and deferred inflows of resources related to pensions.

Subsequent Events

The Sheriff has evaluated subsequent events through November 30, 2018, the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the Sheriff's cash and interest-bearing deposits with financial institutions at June 30, 2018 totaled \$4,484,268; \$617,654 is included in the Sheriff's fiduciary funds. The bank balance was \$4,632,087. Federal deposit insurance covered \$750,000 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the Sheriff's name in the amount of \$4,707,782. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the Parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the Sheriff in September or October and are actually billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2018, law enforcement district taxes applicable to the Sheriff's General Fund, were levied at the rate of 10.71 mills on property with net assessed valuations totaling \$551,329,902.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 3 AD VALOREM TAXES (CONTINUED)

On April 16, 2015, the voters of Law Enforcement Sub-District No. 1 of St. Mary Parish approved a proposition to renew a 15.00 mills tax on all property subject to taxation in said district, beginning with the year 2016 and ending with the year 2020. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No.1. In the 2017 tax year, a 4.97 mill tax was levied on property with net assessed valuations totaling \$30,069,906.

Total taxes levied during the fiscal year ended June 30, 2018 were \$6,054,125.

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2018, consist of the following:

| | |
|----------------|-------------------|
| Federal grants | \$ 2,914 |
| Parish grants | 110,235 |
| State grants | <u>130,588</u> |
| Total | <u>\$ 243,737</u> |

NOTE 5 ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2018, consist of the following:

| | |
|--|-------------------|
| Accounts payable | \$ 68,092 |
| Accrued salaries and related benefits | 276,368 |
| Hospitalization insurance claims payable | <u>118,500</u> |
| Total accounts, salaries, and other payables | <u>\$ 462,960</u> |

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 CAPITAL ASSETS

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

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 112,729 | \$ - | \$ - | \$ 112,729 |
| Construction in progress | <u>107,649</u> | <u>9,630</u> | <u>(117,279)</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>220,378</u> | <u>9,630</u> | <u>(117,279)</u> | <u>112,729</u> |
| Capital assets being depreciated: | | | | |
| Equipment | 1,167,618 | 1,500 | - | 1,169,118 |
| Furniture | 29,538 | - | - | 29,538 |
| Vehicles, boats and trailers | 2,479,495 | 151,434 | (19,025) | 2,611,904 |
| Buildings and improvements | <u>964,845</u> | <u>-</u> | <u>-</u> | <u>964,845</u> |
| Total capital assets being depreciated | <u>4,641,496</u> | <u>152,934</u> | <u>(19,025)</u> | <u>4,775,405</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (1,009,922) | (41,116) | - | (1,051,038) |
| Furniture | (29,538) | - | - | (29,538) |
| Vehicles, boats and trailers | (1,953,459) | (210,436) | 19,025 | (2,144,870) |
| Buildings and improvements | <u>(340,616)</u> | <u>(57,893)</u> | <u>-</u> | <u>(398,509)</u> |
| Total accumulated depreciation | <u>(3,333,535)</u> | <u>(309,445)</u> | <u>19,025</u> | <u>(3,623,955)</u> |
| Capital assets, being depreciated, net | <u>1,307,961</u> | <u>(156,511)</u> | <u>-</u> | <u>1,151,450</u> |
| Capital assets, net | <u>\$ 1,528,339</u> | <u>\$ (146,881)</u> | <u>\$ (117,279)</u> | <u>\$ 1,264,179</u> |

Depreciation expense of \$309,445 for the year ended June 30, 2018 was charged to the public safety function.

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions during the year:

| | Balance at July 1, 2017 | Additions | Reductions | Balance at June 30, 2018 | Due Within One Year |
|--|----------------------------|-------------------|---------------------|-----------------------------|------------------------|
| Compensated absences | \$ 231,262 | \$ 253,637 | \$ 295,759 | \$ 189,140 | \$ 175,900 |
| Workmen's compensation | 58,187 | - | 3,232 | 54,955 | 3,232 |
| Other postemployment benefits (restated) | 7,568,435 | 607,204 | - | 8,175,639 | - |
| Net pension liability | <u>5,942,185</u> | <u>-</u> | <u>2,100,362</u> | <u>3,841,823</u> | <u>-</u> |
| Total | <u>\$ 13,800,069</u> | <u>\$ 860,841</u> | <u>\$ 2,399,353</u> | <u>\$ 12,261,557</u> | <u>\$ 179,132</u> |

On May 31, 1984, the Supreme Court of the State of Louisiana ruled that the St. Mary Parish Sheriff and the State of Louisiana were liable for the payment of death benefits under the Workmen's Compensation Act. Effective July 1, 1984, the widow and children of a deputy sheriff killed in the line of duty were entitled to \$148 per week until such time as one or more of the minor children reach the age of eighteen (twenty-one if enrolled as a full-time student) and/or such time as the widow dies or remarries. The Sheriff's liability (84 percent) is \$538.72 per month.

On January 1, 1995, both children were 18 or older and did not enroll in college; therefore, the monthly payments of \$538.72 were cut in half per R.S. 23:1232. The new monthly payments of \$269.36 began January 1995. The Sheriff's liability at June 30, 2018 is \$54,955. This amount was computed using a "Period Life Table" issued by the Social Security Administration.

The annual debt service requirements to maturity for the Workmen's Compensation Judgment Payable as of June 30, 2018 are as follows. There is no interest associated with this liability.

| Year Ending June 30, | Principal |
|-------------------------|------------------|
| 2019 | \$ 3,232 |
| 2020 | 3,232 |
| 2021 | 3,232 |
| 2022 | 3,232 |
| 2023 | 3,232 |
| 2024-2028 | 16,162 |
| 2029-2033 | 16,162 |
| 2034-2035 | <u>6,471</u> |
| | <u>\$ 54,955</u> |

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 DEDICATIONS OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

On October 18, 1997, the citizens of St. Mary Parish passed a ½% sales and use tax. Fifty percent of the proceeds are remitted to the Sheriff for law enforcement purposes in St. Mary Parish, including employment of deputies, training, salaries, benefits, and the purchase of equipment and automobiles. The Sheriff accounts for the proceeds in the General Fund. The other fifty percent of the proceeds are remitted to the Parish and the municipalities of the Parish on a per capita basis for any lawful law enforcement purpose described in the proposition.

NOTE 9 FUND BALANCES

The Sheriff applies GASB Statement No. 54, which redefines how balances of governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable Fund Balance – amounts that are not in spendable form or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the Sheriff, using the highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Sheriff takes the same highest level action to remove or change the constraint.

Assigned Fund Balance – amounts the Sheriff intends to use for a specific purpose. Intent can be expressed by the Sheriff or by an official or body to which the Sheriff delegates authority.

Unassigned Fund Balance – amounts that are available for any purpose.

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 10 CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follows:

| | Balance at July 1, 2017 | Additions | Reductions | Balance at June 30, 2018 |
|---------------------|----------------------------|----------------------|----------------------|-----------------------------|
| Sheriff's Fund | \$ 68,050 | \$ 1,162,593 | \$ 1,194,937 | \$ 35,706 |
| Bond Fund | 235,904 | 1,188,399 | 1,146,906 | 277,397 |
| Inmate Deposit Fund | 18,872 | 264,942 | 259,977 | 23,837 |
| Work Release Fund | 23,547 | 51,893 | 75,440 | - |
| Tax Collector Fund | <u>230,209</u> | <u>54,322,420</u> | <u>54,271,915</u> | <u>280,714</u> |
| Total | <u>\$ 576,582</u> | <u>\$ 56,990,247</u> | <u>\$ 56,949,175</u> | <u>\$ 617,654</u> |

NOTE 11 RESTRICTED NET POSITION

In 2015, legislation was passed providing to renew a 15.00 mills tax on all property subject to taxation in Sub-District No. 1 of the Parish of St. Mary, beginning with the year 2016 and ending with the year 2020. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No. 1. At June 30, 2018, the government-wide statement of net position reports the following restricted net position:

| | |
|--------------------------------------|-------------------|
| Restricted enabling legislation for: | |
| Sub-District No. 1 | <u>\$ 832,492</u> |
| Total restricted net position | <u>\$ 832,492</u> |

NOTE 12 RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to auto liability; professional law enforcement liability; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Sheriff has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Sheriff is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2018. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 13 TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2018, include \$20,639 of taxes paid under protest plus interest earned to date on the investment of these funds, penalties paid on the protest taxes, and overpayments. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 14 EX-OFFICIO TAX COLLECTOR

The amount of cash on hand at June 30, 2018 was \$280,714. The amount of ad valorem taxes assessed, collected and uncollected by taxing authority was as follows:

| | <u>Taxes Assessed</u> | <u>Taxes Collected</u> | <u>Amount Uncollected</u> |
|-------------------------------|---------------------------|----------------------------|-------------------------------|
| Taxing Authority: | | | |
| LA Tax Commission | \$ 24,103 | \$ 24,103 | \$ - |
| St. Mary Parish: | | | |
| Levee District | 2,740,355 | 2,681,803 | 58,552 |
| Council | 3,338,156 | 3,261,975 | 76,181 |
| Library | 2,736,678 | 2,677,227 | 59,451 |
| School Board | 20,046,548 | 19,656,955 | 389,593 |
| Gravity Drainage | 4,667,203 | 4,603,732 | 63,471 |
| Waterworks Districts | 114,059 | 113,675 | 384 |
| Water and Sewer | 3,784,242 | 3,686,244 | 97,998 |
| Hospital Districts | 2,289,743 | 2,275,927 | 13,816 |
| Recreation Districts | 1,939,196 | 1,904,472 | 34,724 |
| Fire Protection | 1,616,012 | 1,602,877 | 13,135 |
| Harbor and Terminal Districts | 2,017,323 | 1,968,154 | 49,169 |
| Mosquito Control | 156,844 | 156,806 | 38 |
| Sheriff | 6,019,313 | 5,893,858 | 125,455 |
| Assessment District | <u>1,578,435</u> | <u>1,544,710</u> | <u>33,725</u> |
| Total | <u>\$ 53,068,210</u> | <u>\$ 52,052,518</u> | <u>\$ 1,015,692</u> |

The majority of the uncollected taxes are for moveable property. The seizure of moveable property was not scheduled until after June 30, 2018.

NOTE 15 TAXES COLLECTED AND DISTRIBUTED ON BEHALF OF ANOTHER TAXING AUTHORITY

| | <u>Total Collections</u> | <u>Collection Costs</u> | <u>Final Distribution</u> |
|----------------------------|------------------------------|-----------------------------|-------------------------------|
| St. Mary Parish Government | | | |
| Occupational License Tax | \$ 439,562 | \$ 65,934 | \$ 373,628 |
| Insurance Premium Tax | <u>232,515</u> | <u>34,877</u> | <u>197,638</u> |
| Totals | <u>\$ 672,077</u> | <u>\$ 100,811</u> | <u>\$ 571,266</u> |

The St. Mary Parish Sheriff does not collect sales tax, occupancy tax, tax incremental finance district, public utility, gaming admissions, or any other taxes other than ad valorem tax, occupational licenses, and insurance premiums for taxing authorities.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 16 INTERFUND RECEIVABLES AND PAYABLES

| | Interfund Receivables | Interfund Payables |
|--------------------------------------|--------------------------|-----------------------|
| General Fund: | | |
| Special Revenue Fund | \$ 21,687 | \$ - |
| Special Revenue Fund: | | |
| General Fund | - | 21,687 |
| Total interfund receivables/payables | \$ 21,687 | \$ 21,687 |

Due to/from general fund represents costs paid from the general fund bank account on behalf of individual funds. These receivables and payables reverse in the normal course of operations. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

NOTE 17 LITIGATION AND CLAIMS

At June 30, 2018, the Sheriff was involved in several lawsuits claiming damages. In the opinion of the Sheriff's legal counsel, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage. It is the opinion of the Sheriff, after conferring with legal counsel, that the liabilities, if any, which might arise from these lawsuits would not have a material adverse effect on the Sheriff's financial position.

NOTE 18 EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

The Sheriff's office is located in a building owned by the Parish Council. Expenditures for operation and maintenance of the parish jail and building, as required by state statute, are paid by the St. Mary Parish Council and are not included in the accompanying financial statements.

NOTE 19 SELF-INSURANCE FUND

The Sheriff has established a limited risk management program for group health insurance. In May 2008 the Sheriff hired Gilsbar, Inc. as administrator. During the fiscal year 2018, a total of \$1,193,174 was incurred in claims. The Sheriff purchased specific stop-loss commercial insurance for individual claims incurred in excess of \$70,000 for 2017 and \$75,000 for 2018. Incurred but not paid claims of \$118,500 have been accrued as a liability in the General Fund. The unpaid claims liability was estimated based upon the claims incurred but not paid as of June 30, 2018, as per a report from the administrator of claims remitted through August 16, 2018. The accrual of other incremental costs that may be incurred related to these claims is immaterial and therefore excluded.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 19 SELF-INSURANCE FUND (CONTINUED)

| | |
|---|--------------------|
| Incurred but not paid claims, July 1, 2016 | \$ 88,028 |
| Claims incurred | 1,709,376 |
| Claims paid | <u>(1,556,967)</u> |
| Incurred but not paid claims, June 30, 2017 | 240,437 |
| Claims incurred | 1,193,174 |
| Claims paid | <u>(1,315,111)</u> |
| Incurred but not paid claims, June 30, 2018 | <u>\$ 118,500</u> |

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Sheriff provides postemployment medical benefits to employees upon actual retirement. The plan is a single-employer plan administered by Gilsbar, Inc. The plan issues a publicly available financial report. The report may be obtained by emailing CapRisk Consulting Group at hummel@capriskgroup.com or by calling (877) 747-5238. No assets are accumulated in a trust that meets the criteria in paragraph four of the Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided

Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. Employees hired prior to January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 55 and 12 years of service or age 60 and 10 years of service. Employees hired on or after January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 62 and 12 years of service, age 60 and 20 years of service, or age 55 and 30 years of service. The employer pays a portion of the medical coverage for the retiree and dependents, depending on length of service at retirement. The Sheriff recognizes the cost as expenditure when paid during the year. The benefits are financed on a pay-as-you-go-basis. Effective February 1, 2017, the retiree must have at least 30 years of service and be receiving monthly benefits from the Sheriff's Pension and Relief Fund to continue medical coverage and the Sheriff will pay 100% of the contribution. The retiree will pay 100% of the contribution for any elected dependent coverage.

Medical coverage is provided through a comprehensive health insurance plan. Benefits continue for life with the plan becoming secondary if the retiree is age 65 or older. Dental, vision, and life insurance coverage is available with the retiree paying the full contribution.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

The following table summarizes active and retiree demographic information:

| Status | Single | Employee + Dependent Coverage |
|-----------------------|--------|-------------------------------------|
| Active (=131) | 96 | 35 |
| Retired (=29) | 14 | 15 |
| Surviving Spouse (=1) | 1 | - |
| Total (=161) | 111 | 50 |

This table reflects eligible active employees and retirees as of June 30, 2018. Excluded are plan participants hired after that date.

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

At June 30, 2018, the Sheriff reported a liability of \$8,175,639. The OPEB liability was measured as of June 30, 2018.

For the year ended June 30, 2018, the Sheriff recognized OPEB expense of \$826,273. As of June 30, 2018, the Sheriff did not report any deferred outflows of resources or deferred inflows of resources related to OPEB because the measurement date and valuation date were the same as of June 30, 2018.

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------|---|
| Inflation | 3.00% |
| Actuarial Cost Method | Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary |
| Salary Scale | 3.50% |
| Healthcare Cost Trend | Level 4.50% |
| Mortality Rates | RPH-2014 Total Table with Projection MP-2017 |

No experience studies were completed for this plan. For the withdrawal and retirement assumptions, the experience and assumption for the Louisiana Sheriff's Pension and Relief Fund was used in the valuation.

Discount Rate

The GASB statement requires that the discount rate used to determine the plan liabilities for retiree healthcare benefits is based on the earnings rate of the plan assets if the projected assets are sufficient to cover the projected benefit payments. If the projected assets are not sufficient, then a municipal bond index rate must be used for discounting benefits not covered by the projected assets. Since there are no plan assets held in trust, the Bond Buyer GO Bond 20 Index is used for determining the discount rate of 3.88%.

The trend assumption is used to project the growth of the expected claims over the lifetime of the health recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased".

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

| Changes in the Net OPEB Liability | | | |
|-----------------------------------|-------------------------|--------------------------------|-----------------------|
| | Increase (Decrease) | | |
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance as of July 1, 2017 | \$ 7,568,435 | \$ - | \$ 7,568,435 |
| Service Cost | 516,815 | - | 516,815 |
| Interest Cost | 309,458 | - | 309,458 |
| Benefit Payments | (219,069) | - | (219,069) |
| Net Changes | 607,204 | - | 607,204 |
| Balance as of June 30, 2018 | \$ 8,175,639 | \$ - | \$ 8,175,639 |

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

The following presents the net OPEB liability of the Sheriff, as well as what the Sheriff's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| | 1% Decrease 2.88% | Current Discount Rate 3.88% | 1% Increase 4.88% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability | \$ 9,927,852 | \$ 8,175,639 | \$ 6,806,632 |

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Sheriff, as well as what the Sheriff's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|--------------------|---------------------|-------------------------------|----------------------|
| | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | <u>\$ 6,549,051</u> | <u>\$ 8,175,639</u> | <u>\$ 10,409,396</u> |

NOTE 21 REVENUE ANTICIPATION LOAN

During the year, the Sheriff borrowed \$550,000 from a local financial institution to cover operating costs until the entity's tax revenue was received. The balance was paid back in full during the year, and there was no liability at year end. Interest expense in the amount of \$2,838 was paid during the year ended June 30, 2018.

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN

Plan Description

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

Benefits Provided

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

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

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

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

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

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

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a back deferred retirement option plan (Back-DROP). The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the

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Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

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.

Contributions

Contribution requirements for all employers are actuarially determined each year in accordance with state statute. For the year ended June 30, 2017, the actual employer contribution rate was 13.25% with an additional 0% allocated from the Funding Deposit Account. The Sheriff's statutorily required composite contribution rate for the year ended June 30, 2018 was 12.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Employee contributions are based on the employee's annual covered salary and are established by the board of trustees. For the year ended June 30, 2018, the employee contribution rate was 10.25%. Contributions to the pension plan from the Sheriff were \$728,121 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Sheriff reported a liability of \$3,841,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total

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Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Sheriff's proportion was 0.887201%, which was a decrease of 0.049034% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Sheriff recognized pension expense of \$521,306. The Sheriff recognized revenue of \$352,179 as its proportionate share of non-employer contributions for the year ended June 30, 2018.

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

| | Increase (Decrease) | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 668,772 |
| Net difference between projected and actual investment earnings on pension plan investments | - | 55,142 |
| Changes of assumptions | 675,989 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 38,493 | 669,555 |
| Employer contributions subsequent to the measurement date | <u>728,121</u> | - |
| Total | <u>\$ 1,442,603</u> | <u>\$ 1,393,469</u> |

Sheriff contributions subsequent to the measurement date in the amount of \$728,121 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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 ending June 30, | |
|----------------------|---------------------|
| 2018 | \$ (333,307) |
| 2019 | 77,481 |
| 2020 | 14,433 |
| 2021 | (368,243) |
| 2022 | (50,751) |
| 2023 | <u>(18,600)</u> |
| Total | <u>\$ (678,987)</u> |

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Valuation date | June 30, 2017 |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Investment rate of return | 7.5%, net of investment expense |
| Projected salary increases | 5.5% (2.775% inflation, 2.725% merit) |
| Mortality rates | RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, health annuitants and beneficiaries/ RP-2000 Disabled Lives Mortality Table for disabled annuitants |
| Expected remaining service lives | 7 years |
| Cost of living adjustments | The present value of future retirement benefits is based on benefits currently being paid by the 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. |

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

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

The 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. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2017 are as follows:

| Asset Class | Expected Rate of Return | | Long-term Expected Portfolio Real Rate of Return |
|------------------------------------|----------------------------|---------------------------------|--|
| | Target Asset Allocation | Real Return Arithmetic Basis | |
| Equity Securities | 60% | 7.4% | 4.4% |
| Bonds | 25% | 2.6% | 0.7% |
| Alternative Investments | 15% | 4.2% | 0.6% |
| Total | <u>100%</u> | | 5.7% |
| Inflation | | | <u>2.6%</u> |
| Expected Arithmetic Nominal Return | | | <u>8.3%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 7.4%, which was a decrease of 0.1% from the discount rate used to measure the total pension liability at June 30, 2016. 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 required rates approved by Public Employees' Retirement Systems' Actuarial Committee taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Sheriff calculated using the discount rate of 7.4%, as well as what the Sheriff's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | <u>Discount rate</u> | | <u>Net pension liability</u> |
|-----------------------|----------------------|----|------------------------------|
| 1% decrease | 6.4% | \$ | 7,915,169 |
| Current discount rate | 7.4% | \$ | 3,841,823 |
| 1% increase | 8.4% | \$ | 414,658 |

Plan Fiduciary Net Position

The Sheriff's Pension and Relief Fund has issued a stand-alone financial report for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

NOTE 23 RESTATEMENT OF PRIOR YEAR FINANCIALS

The Sheriff adopted the provisions of GASB Statement No. 75 during the fiscal year ended June 30, 2018. The adoption of this statement required the Sheriff to increase the beginning OPEB liability and the effects on net position of the contributions made by the Sheriff during the measurement period (fiscal year ended June 30, 2018). As a result, beginning net position decreased by \$3,596,862 for the earliest year presented. The restatement consisted of an increase to the OPEB liability as of July 1, 2017 of \$3,596,862.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Ad valorem taxes | \$ 6,235,000 | \$ 5,750,000 | \$ 5,770,868 | \$ 20,868 |
| Sales taxes | 2,040,000 | 2,040,000 | 2,091,785 | 51,785 |
| Intergovernmental revenues - | | | | |
| Federal grants | 96,800 | 56,865 | 37,322 | (19,543) |
| State grants | 38,000 | 34,060 | 30,228 | (3,832) |
| Parish grants | 23,400 | 23,400 | 37,562 | 14,162 |
| State revenue sharing | 183,000 | 184,000 | 184,216 | 216 |
| State supplemental pay | 612,000 | 590,000 | 598,008 | 8,008 |
| Salary supplemental pay | 241,300 | 241,200 | 269,574 | 28,374 |
| Video poker | 154,000 | 154,000 | 142,303 | (11,697) |
| Indian gaming | 55,000 | 55,000 | 55,000 | - |
| Fees, charges, and commissions for service - | | | | |
| Civil and criminal fees | 453,600 | 531,400 | 551,921 | 20,521 |
| Court attendance | 14,400 | 13,000 | 14,824 | 1,824 |
| Feeding, transporting, and keeping of prisoners | 1,111,200 | 695,900 | 743,566 | 47,666 |
| Fines and forfeitures | 123,100 | 138,900 | 138,428 | (472) |
| Commissary sales | 54,000 | 38,400 | 43,497 | 5,097 |
| Other | 182,400 | 141,600 | 155,023 | 13,423 |
| Investment income | 3,575 | 1,400 | 1,471 | 71 |
| Miscellaneous | 33,200 | 35,500 | 44,256 | 8,756 |
| Total revenues | <u>11,653,975</u> | <u>10,724,625</u> | <u>10,909,852</u> | <u>185,227</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Public safety: | | | | |
| Personnel and related benefits | 9,211,106 | 8,932,780 | 8,794,953 | 137,827 |
| Operating services | 885,420 | 909,900 | 866,499 | 43,401 |
| Materials and supplies | 1,626,050 | 1,204,550 | 1,120,872 | 83,678 |
| Debt service - | | | | |
| Workmen's compensation judgment | 3,232 | 3,232 | 3,232 | - |
| Interest and fiscal charges | 9,196 | 2,848 | 2,838 | 10 |
| Capital outlay | <u>130,000</u> | <u>49,700</u> | <u>45,285</u> | <u>4,415</u> |
| Total expenditures | <u>11,865,004</u> | <u>11,103,010</u> | <u>10,833,679</u> | <u>269,331</u> |
| Net change in fund balance | (211,029) | (378,385) | 76,173 | 454,558 |
| Fund balance, beginning of year | <u>3,188,171</u> | <u>3,188,171</u> | <u>3,188,171</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 2,977,142</u> | <u>\$ 2,809,786</u> | <u>\$ 3,264,344</u> | <u>\$ -</u> |

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – Special Revenue Fund
Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---------------------------------|--------------------|-------------------|-------------------|---|
| Revenues: | | | | |
| Ad valorem taxes | \$ 136,000 | \$ 136,000 | \$ 144,783 | \$ 8,783 |
| Investment income | <u>700</u> | <u>700</u> | <u>763</u> | <u>63</u> |
| Total revenues | 136,700 | 136,700 | 145,546 | 8,846 |
| Expenditures: | | | | |
| Current - | | | | |
| Public safety: | | | | |
| Personnel and related benefits | 118,200 | 118,200 | 107,122 | 11,078 |
| Operating services | 4,250 | 4,250 | 6,392 | (2,142) |
| Materials and supplies | <u>13,500</u> | <u>13,500</u> | <u>10,048</u> | <u>3,452</u> |
| Total expenditures | <u>135,950</u> | <u>135,950</u> | <u>123,562</u> | <u>12,388</u> |
| Net change in fund balance | 750 | 750 | 21,984 | 21,234 |
| Fund balance, beginning of year | <u>810,508</u> | <u>810,508</u> | <u>810,508</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 811,258</u> | <u>\$ 811,258</u> | <u>\$ 832,492</u> | <u>\$ -</u> |

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended June 30, 2018

| | 2018 |
|---|--------------|
| Balance as of July 1, 2017 | \$ 7,568,435 |
| Service cost | 516,815 |
| Interest cost | 309,458 |
| Benefit payments | (219,069) |
| Net changes | 607,204 |
| Balance as of June 30, 2018 | \$ 8,175,639 |
| Covered-employee payroll | \$ 5,109,306 |
| Total OPEB liability as a percentage of covered-employee payroll | 160.01% |

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

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

| Year Ended | Proportion of the net pension liability | Proportionate share of the net pension liability | Covered employee payroll | Share of the net pension liability as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------|--|---|--------------------------------|--|--|
| June 30, 2015 | 0.990803% | \$ 3,923,585 | \$ 6,907,458 | 56.80% | 87.34% |
| June 30, 2016 | 0.994735% | \$ 4,434,049 | \$ 6,433,748 | 68.92% | 86.61% |
| June 30, 2017 | 0.936235% | \$ 5,942,185 | \$ 6,394,030 | 92.93% | 82.10% |
| June 30, 2018 | 0.887201% | \$ 3,841,823 | \$ 6,145,188 | 62.52% | 88.49% |

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

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Contributions
Year Ended June 30, 2018

| Year Ended | Statutorily required contribution | Contributions relative to statutorily required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|---------------|---|---|--|--------------------------------|---|
| June 30, 2015 | \$ 941,784 | \$ 941,784 | \$ - | \$ 6,433,748 | 14.64% |
| June 30, 2016 | \$ 881,844 | \$ 881,844 | \$ - | \$ 6,394,030 | 13.79% |
| June 30, 2017 | \$ 814,419 | \$ 814,419 | \$ - | \$ 6,145,188 | 13.25% |
| June 30, 2018 | \$ 728,121 | \$ 728,121 | \$ - | \$ 5,731,637 | 12.70% |

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

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Required Supplementary Information

NOTE 1 BASIS OF ACCOUNTING

The budgetary basis is in accordance with generally accepted accounting principles (GAAP).

NOTE 2 BUDGETARY PRACTICES

Budgetary Information

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

1. The chief civil deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally budgeted and as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceed appropriations for the General Fund. These overexpenditures were funded by greater than anticipated revenues in that fund.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Required Supplementary Information

NOTE 3 OTHER POSTEMPLOYEMENT BENEFITS

Changes of Benefit Terms - There were no changes of benefit terms for the OPEB Plan during the year presented.

Changes of Assumptions - The discount rate changed from 4.00% to 3.88% during the June 30, 2018 valuation. The mortality table used also changes from RP-2014 Total Table with Projection MP-2015 to RPH-2014 Total Table with Projection MP-2017 during the June 30, 2018 valuation.

NOTE 4 PENSION PLAN

Changes of Benefit Terms - There were no changes of benefit terms for the Pension Plan during the year presented.

Changes of Assumptions - The discount rate changed from 7.50% to 7.40% and the investment rate of return changed from 7.60% to 7.5% during the June 30, 2018 valuation.

SUPPLEMENTARY INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

- Sheriff's Fund - The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.
- Bond Fund - The Bond Fund accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.
- Inmate Deposit Fund - The Inmate Deposit Fund accounts for the receipts and disbursements made from the individual prison inmate accounts.
- Work Release Fund - The Work Release Fund accounts for the receipts and disbursements made from the individual prison work release savings accounts.
- Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Statement of Fiduciary Net Position
June 30, 2018

| | Sheriff's Fund | Bond Fund | Inmate Deposit Fund | Work Release Fund | Tax Collector Fund | Total |
|--|-------------------|-------------------|---------------------------|-------------------------|--------------------------|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 35,706 | \$ 277,397 | \$ 23,837 | \$ - | \$ 280,714 | \$ 617,654 |
| Total assets | <u>\$ 35,706</u> | <u>\$ 277,397</u> | <u>\$ 23,837</u> | <u>\$ -</u> | <u>\$ 280,714</u> | <u>\$ 617,654</u> |
| LIABILITIES | | | | | | |
| Due to taxing bodies, prisoners and others | \$ 35,706 | \$ 277,397 | \$ 23,837 | \$ - | \$ 280,714 | \$ 617,654 |
| Total liabilities | <u>\$ 35,706</u> | <u>\$ 277,397</u> | <u>\$ 23,837</u> | <u>\$ -</u> | <u>\$ 280,714</u> | <u>\$ 617,654</u> |

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2018

| | Sheriffs Fund | Bond Fund | Inmate Deposit Fund | Work Release Fund | Tax Collector Fund | Total |
|--|------------------|-------------------|---------------------------|-------------------------|--------------------------|-------------------|
| Balances, beginning of year | \$ 68,050 | \$ 235,904 | \$ 18,872 | \$ 23,547 | \$ 230,209 | \$ 576,582 |
| Additions: | | | | | | |
| Deposits - | | | | | | |
| Sheriff's sales | 1,047,107 | - | - | - | - | 1,047,107 |
| Bonds | - | 1,188,399 | - | - | - | 1,188,399 |
| Garnishments | 115,486 | - | - | - | - | 115,486 |
| Inmate deposits | - | - | 264,942 | 51,893 | - | 316,835 |
| Taxes, fees, etc., paid to | | | | | | |
| Tax Collector | - | - | - | - | 54,265,493 | 54,265,493 |
| Interest | - | - | - | - | 56,927 | 56,927 |
| Total additions | <u>1,162,593</u> | <u>1,188,399</u> | <u>264,942</u> | <u>51,893</u> | <u>54,322,420</u> | <u>56,990,247</u> |
| Total | <u>1,230,643</u> | <u>1,424,303</u> | <u>283,814</u> | <u>75,440</u> | <u>54,552,629</u> | <u>57,566,829</u> |
| Reductions: | | | | | | |
| Taxes, fees, etc., distributed to taxing bodies and others | - | - | - | - | 54,271,915 | 54,271,915 |
| Deposits settled to - | | | | | | |
| Sheriff's General Fund | 244,424 | 140,820 | 212,161 | 35,990 | - | 633,395 |
| St. Mary Parish Council | - | 86,017 | - | - | - | 86,017 |
| District Attorney | - | 489,740 | - | - | - | 489,740 |
| St. Mary Parish Clerk | 82,023 | 45,987 | - | - | - | 128,010 |
| St. Mary Parish Coroner | - | 9,940 | - | - | - | 9,940 |
| Indigent Defender Board | - | 123,188 | - | - | - | 123,188 |
| Acadiana Crime Lab | - | 77,732 | - | - | - | 77,732 |
| Injury Trust Fund | - | 7,837 | - | - | - | 7,837 |
| Municipal Police | - | 9,174 | - | - | - | 9,174 |
| Litigants | 757,621 | 83,372 | - | 37,282 | - | 878,275 |
| Other settlements | 110,869 | 73,099 | - | - | - | 183,968 |
| Inmates | - | - | 47,816 | 2,168 | - | 49,984 |
| Total reductions | <u>1,194,937</u> | <u>1,146,906</u> | <u>259,977</u> | <u>75,440</u> | <u>54,271,915</u> | <u>56,949,175</u> |
| Balances, end of year | <u>\$ 35,706</u> | <u>\$ 277,397</u> | <u>\$ 23,837</u> | <u>\$ -</u> | <u>\$ 280,714</u> | <u>\$ 617,654</u> |

See independent auditor's report.

STATE OF LOUISIANA, PARISH OF ST. MARY

AFFIDAVIT

Scott Anslum, Sheriff of St. Mary Parish

BEFORE ME, the undersigned authority, personally came and appeared, Scott Anslum, the sheriff of St. Mary Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$280,714.45 is the amount of cash on hand in the tax collector account on June 30, 2018;

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.

Scott Anslum
Signature
Sheriff of St. Mary
(Parish)

SWORN to and subscribed before me, Notary, this 30th day of November 2018, in my office in the City of Franklin, Louisiana.
(City/Town)

Michele L. Chauvin (Signature)

Michele L. Chauvin (Print), # 137,955

Notary Public

ex-officio Notary, expires (Commission)
June 30, 2020

See independent auditor's report.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
Year Ended June 30, 2018

Agency Head Name: Mark A. Hebert, Sheriff (July 1, 2017 - January 7, 2018)

| Purpose | Amount |
|--|-------------------|
| Salary | \$ 89,388 |
| Benefits - insurance (health) | 6,451 |
| Benefits - insurance (life) | 595 |
| Benefits - retirement | 11,704 |
| Benefits - deferred compensation match | 2,024 |
| Per diem | 255 |
| Conference travel | <u>1,202</u> |
| Total | <u>\$ 111,619</u> |

Agency Head Name: Scott Anslum, Sheriff (January 7, 2018 - June 30, 2018)

| Purpose | Amount |
|--|------------------|
| Salary | \$ 70,919 |
| Benefits - insurance (health) | 6,469 |
| Benefits - insurance (life) | 100 |
| Benefits - retirement | 9,384 |
| Benefits - deferred compensation match | 2,128 |
| Per diem | 89 |
| Registration fees | 385 |
| Conference travel | <u>1,059</u> |
| Total | <u>\$ 90,533</u> |

See independent auditor's report.

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER INFORMATION**



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009
J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Larry Sikes, CPA/PFS, CVA*, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
Jennifer S. Ziegler, CPA/PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA/PFS
Erich G. Loewer, III, CPA, M.S. Tax
Jeremy C. Meaux, CPA
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Pamela Mayeux Bonin, CPA, CVA
Craig C. Babineaux, CPA/PFS, CFP®
Adam J. Curry, CPA, CFP®
Kyle P. Saltzman, CPA, CFE
Jacob C. Roberie, CPA

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

Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.
Benjamin J. Baudoin, CPA

* (Emeritus)

The Honorable Scott Anslum
St. Mary Parish Sheriff
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff (Sheriff), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff’s basic financial statements and have issued our report thereon dated November 30, 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2018-001, to be a material weakness.

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Certified Public Accountants
Society of Louisiana
Certified Public Accountants

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

St. Mary Parish Sheriff's Response to Finding

The Sheriff's response to the finding identified in our audit is described in the accompanying management's corrective action plan for current year findings. 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

Darnall, Sikes, & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 30, 2018

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2018

2017-001 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 2018-001.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2018

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Sheriff's financial statements as of and for the year ended June 30, 2018.

Internal Control Deficiencies – Financial Reporting

One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2018-001 in Part 2. We consider this to be a material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2018.

MANAGEMENT LETTER

This section is not applicable for the year ended June 30, 2018.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

The results of our tests disclosed one finding related to the audit of the June 30, 2018 financial statements.

2018-001 Inadequate segregation of accounting functions

Criteria: Best practices for internal controls over accounting functions requires that adequate segregation of accounting functions be maintained.

Condition: Due to the small number of accounting personnel, the Sheriff did not have adequate segregation of functions within the accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2018

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

2018-001 Inadequate segregation of accounting functions (Continued)

Recommendation: Based upon the size of the operation and the cost-benefit consideration of additional personnel, it may not be feasible to achieve complete segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: This information is reported in a separate schedule titled "Management's Corrective Action Plan for Current Year Findings".

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2018, the Sheriff did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2018

Response to Finding 2018-001:

The St. Mary Parish Sheriff is aware of the condition and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: Scott Anslum, Sheriff



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009

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 Jacob C. Roberie, CPA

**INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
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 Robert C. Darnall, CPA, CVA, M.S.
 Benjamin J. Baudoin, CPA

* (Emeritus)

To Scott Anslum, St. Mary Parish Sheriff and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Mary Parish Sheriff (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period April 1, 2017 through March 31, 2018. The Entity’s management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

- 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:

These procedures are not applicable to entities managed by a single elected official, such as a sheriff.

- 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.
- 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.

- 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.

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 each account selected, and observe that:

No exceptions were noted during the fiscal year ended March 31, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

- 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);
- 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
- 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.

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).

Obtained listing of deposit sites and management's representation that the listing is complete.

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

No exceptions noted.

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

No exceptions noted.

- 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:

- 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.

- 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).

No exceptions noted.

- 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).

Listing of locations that process payments and management's representation that the listing is complete was obtained.

- 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:

- 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.

- 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.

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

No exceptions noted.

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

- a) 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.

No exceptions noted.

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.

No exceptions were noted during the fiscal year ended March 31, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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:

- 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.]

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

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).

Travel and Travel-Related Expense Reimbursement (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:

Listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete was obtained.

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

No exceptions noted.

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

N/A

- 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:

Listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities and management's representation that the listing is complete was obtained.

- 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.

N/A

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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.

No exceptions were noted during the fiscal year ended March 31, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

- 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:

- 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.)

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

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

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

- 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.

Ethics

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

No exceptions were noted during the fiscal year ended March 31, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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

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.

No exceptions were noted during the fiscal year ended March 31, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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.

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 misappropriations of public funds and assets 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.

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 Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

November 30, 2018