

Tangipahoa Parish Sheriff

FINANCIAL REPORT

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Honorable Daniel Edwards
Tangipahoa Parish Sheriff
Amite, Louisiana

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of the Sheriff's proportionate share of the net pension liability, and the schedule of the Sheriff's contributions, on pages 3 through 9, and 37 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining and individual non-major fund financial statements and the schedule of changes in balances due to taxing bodies and others and schedule of compensation, benefits, and other payments to agency head are presented on page 40 through 42, 44 and 46 are presented for purposes of additional analysis and are not a required part of the financial statements. The Sheriff's sworn statements presented on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements, the schedule of changes in balances due to taxing bodies and others 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 basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Dèz, Dupuy & Ruiz

Gonzales, Louisiana
December 8, 2017

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

This section of Tangipahoa Parish Sheriff's annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position increased \$1,014,954 over the course of this year's operations.
- During the year, the Sheriff's expenses were approximately \$1 million less than the \$19.2 million generated in ad valorem taxes, charges for services, operating grants for governmental programs, and other general revenues.
- Expenses for the year were \$18.2 million, an increase of \$722,038 from prior year.
- The general fund reported an increase in fund balance this year of \$385,843.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Sheriff's financial statements, including the portion of the Sheriff's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Figure A-1

| | Government-wide Statements | Governmental Funds | Fiduciary Funds |
|---|--|--|---|
| Scope | Entire Sheriff government (except fiduciary funds) | The activities of the Sheriff that are not proprietary or fiduciary, such as public safety | Instances in which the Sheriff is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of fiduciary net position |
| Accounting basis and measurements focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included. | All assets and liabilities, both short-term and long-term; the Sheriff's fund |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-wide Statements

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide statements report the Sheriff's net position how they have changed. Net position – the difference between the Sheriff's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the Sheriff's financial health, or position.

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

The government-wide financial statements of the Sheriff include:

- Governmental activities – most of the Sheriff's basic services are included here, such as police and general administration. Ad valorem taxes, state and federal grants, fines, fees, charges, and commissions for services finances most of these activities.

Fund Financial Statements

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

The Sheriff has three kinds of funds:

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net position. The Sheriff's net position increased between fiscal years 2017 and 2016 by approximately \$1.0 million. (See Table A-1.)

Table A-1
Sheriff's Net Position

| | Governmental Activities | |
|--|----------------------------|--------------------|
| | <u>2017</u> | <u>2016</u> |
| Current and other assets | \$13,173,798 | \$11,608,468 |
| Capital assets | 1,952,334 | 1,913,236 |
| Total assets | 15,126,132 | 13,521,704 |
| Deferred outflows of resources | 3,824,230 | 1,512,161 |
| Total assets and deferred outflows of resources | 18,950,362 | 15,033,865 |
| Current liabilities | 1,089,232 | 539,424 |
| Long-term liabilities | 8,126,591 | 5,972,665 |
| Total liabilities | 9,215,823 | 6,512,089 |
| Deferred inflows of resources | 2,874,863 | 2,677,054 |
| Total liabilities and deferred inflows of resources | 12,090,686 | 9,189,143 |
| Net position | | |
| Net investment in capital assets | 1,601,084 | 1,559,798 |
| Restricted nonexpendable | 160,305 | 143,364 |
| Restricted for other purposes | 94,022 | 83,295 |
| Unrestricted | 5,004,265 | 4,058,265 |
| Total net position | \$6,859,676 | \$5,844,722 |

Changes in net position. The Sheriff's total revenues decreased 1.5 percent. (See Table A-2.) Approximately 50 percent of the Sheriff's revenue comes from ad valorem tax collections from Tangipahoa Parish. Another 2 percent comes from state and federal grant programs. An additional 31 percent of the Sheriff's revenue comes from charges for services including prisoner housing and commissions. The remaining 17 percent is comprised of miscellaneous fees and other intergovernmental revenue.

The total cost of all programs and services increased \$722,038 which is attributed to the increase in prison expenditures, capital outlay and salaries and benefits. The Sheriff's expenses cover all services performed by its office.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Governmental Activities

Revenues for the Sheriff's governmental activities decreased by 1.5 percent to approximately \$19.2 million while total expenses increased 4 percent to approximately \$18.2 million.

Table A-2
Changes in Sheriff's Net Position

| | Governmental Activities | |
|---------------------------------|--------------------------------|----------------------------|
| | 2017 | 2016 |
| Revenues | | |
| Program revenues | | |
| Charges for services | \$5,993,663 | \$6,546,969 |
| Federal grants | 287,289 | 79,039 |
| State grants | 167,831 | 136,919 |
| General revenues | | |
| Property Taxes | 9,655,342 | 9,742,802 |
| State revenue sharing | 602,565 | 580,525 |
| State supplemental pay | 714,578 | 730,684 |
| Investment earnings | 106,161 | 56,724 |
| Correctional reimbursements | 178,239 | 186,560 |
| Contract reimbursements | 772,748 | 793,325 |
| Self-generated fees | 290,677 | 273,078 |
| Donations | 69,000 | 1,000 |
| Seized assets | 190,239 | 154,986 |
| Other reimbursed expenses | 197,516 | 232,945 |
| Total revenues | <u>19,225,848</u> | <u>19,515,556</u> |
| Expenses | | |
| Public safety | 18,195,709 | 17,472,952 |
| Interest | 15,185 | 15,904 |
| Total expenses | <u>18,210,894</u> | <u>17,488,856</u> |
| Increase in net position | 1,014,954 | 2,026,700 |
| Beginning net position | 5,844,722 | 3,818,022 |
| Ending Net Position | <u>\$6,859,676</u> | <u>\$ 5,844,722</u> |

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

As the Sheriff completed this year, its governmental funds reported a fund balance of \$10.7 million, an increase from last year of \$385,843. The fund balance is considered adequate for the Sheriff's current needs.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

General Budgetary Highlights

Over the course of the year, the Sheriff made amendments to the general fund budget. These budget amendments reflect decreases in both revenues and expenses from the current budget. Overall change in revenues resulted in an amendment of \$1,754,831 as follows:

- Intergovernmental net increase of \$85,169.
- Taxes - Ad valorem decreased by \$375,000.
- Civil fees decreased by \$50,000.
- Prison income decreased \$780,000.
- Correctional reimbursements decreased by \$710,000.
- Seized assets increased by \$125,000.
- Self-generated fees decreased by \$50,000.

The budget was amended to reflect an overall decrease of anticipated expenditures by \$489,000, mainly in the areas of insurance, law enforcement, automobile, professional services, prison expenditures and capital outlay. Actual expenditures of approximately \$18.9 million were less than 1% the \$19 million reflected on the amended budget.

CAPITAL ASSETS

At the end of 2017, the Sheriff had invested \$1,952,334 in capital assets. (See Table A-3.)

Table A-3
Sheriff's Capital Assets
(Net of depreciation, where applicable)

| | <u>Governmental Activities</u> | |
|-----------------------------|---------------------------------------|----------------------------|
| | <u>2017</u> | <u>2016</u> |
| Land | \$ 65,343 | \$ 65,343 |
| Buildings | 240,681 | 274,790 |
| Data Processing Equipment | 183,101 | 132,274 |
| Law Enforcement Equipment | 194,904 | 234,745 |
| Office Equipment | 73,198 | 82,493 |
| Office Furniture | 14,191 | 16,722 |
| Other Machinery & Equipment | 3,137 | 3,775 |
| Vehicles | 1,177,779 | 1,103,094 |
| Total | <u>\$ 1,952,334</u> | <u>\$ 1,913,236</u> |

This year's major capital asset additions include:

- Sheriff vehicles costing approximately \$558,000.
- Purchase of data processing equipment of approximately \$250,000.
- Purchase of law enforcement and office equipment of \$34,011.
- Purchase of office equipment of approximately \$15,000.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSETS (continued)

This year's major capital asset deletions include:

- Various vehicles totaling \$268,015 of cost and accumulated depreciation.

The amended budget for capital outlay for the 2016-2017 fiscal year totaled \$725,000.

LONG-TERM DEBT

At June 30, 2017, the Sheriff had the following long-term debt outstanding at year end.

| | <u>Governmental Activities</u> | |
|---------------------------|--------------------------------|----------------------------|
| | <u>2017</u> | <u>2016</u> |
| Capital lease obligations | \$ 351,250 | \$ 353,438 |
| Net pension liability | 7,987,434 | 5,619,227 |
| Total | <u>\$ 8,338,684</u> | <u>\$ 5,972,665</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sheriff is dependent on ad valorem taxes and prisoner housing reimbursement for 73% of its revenues. The economy is not expected to generate significant growth. The Sheriff's 2017-2018 budget reflects ad valorem revenue to increase to \$9.9 million or 2.1%, federal grants decreasing by \$125,000 or 55.6%, prisoner income increasing by \$700,000 or 17.1%. Expenditures are expected to increase by \$485,000, which is mainly attributed to projected increases in salaries and benefits. The other revenues and expenditures are expected to be consistent with the amounts from the year ended June 30, 2017. Budgetary fund balance is estimated at approximately \$11 million as of June 30, 2017.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sheriff's finances and to demonstrate the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tangipahoa Parish Sheriff's Office, 15475 Club Deluxe Road, Hammond, Louisiana 70403.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

| | |
|--------------------------------|-------------------|
| Cash and cash equivalents | \$ 10,241,970 |
| Accounts receivable | 2,488,495 |
| Grant receivable | 72,093 |
| Due from other funds | 176,072 |
| Due from other governments | 34,863 |
| Prepaid expenses | 160,305 |
| Non-depreciable capital assets | 65,343 |
| Capital assets, net | 1,886,991 |
| Total assets | <u>15,126,132</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------------------------|------------------|
| Pension related | <u>3,824,230</u> |
| Total deferred outflows of resources | <u>3,824,230</u> |

Total assets and deferred outflows of resources \$ 18,950,362

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

| | |
|----------------------------|------------------|
| Accounts payable | \$ 164,276 |
| Accrued salaries and wages | 371,741 |
| Due to other governments | 16,122 |
| Line of credit | 325,000 |
| Long-term liabilities: | |
| Due within one year | 226,512 |
| Due in more than one year | 124,738 |
| Net pension liability | 7,987,434 |
| Total liabilities | <u>9,215,823</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|------------------|
| Unavailable revenues | 1,544,774 |
| Pension related | <u>1,330,089</u> |
| Total deferred inflows of resources | <u>2,874,863</u> |

NET POSITION

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 1,601,084 |
| Restricted for other purposes | 100,963 |
| Unrestricted | <u>5,157,629</u> |
| Total net position | <u>6,859,676</u> |

Total liabilities, deferred inflows of resources, and net position \$ 18,950,362

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------|----------------------|---|--|--|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | |
| Public safety | \$ 18,195,709 | \$ 5,993,663 | \$ 455,120 | \$ (11,746,926) |
| Interest | 15,185 | - | - | (15,185) |
| Total governmental activities | <u>\$ 18,210,894</u> | <u>\$ 5,993,663</u> | <u>\$ 455,120</u> | <u>\$ (11,762,111)</u> |

General revenues:

| | |
|-----------------------------|-------------------|
| Property taxes | \$ 9,655,342 |
| State revenue sharing | 602,565 |
| State supplemental pay | 714,578 |
| Investment earnings | 106,161 |
| Correctional reimbursements | 178,239 |
| Contract reimbursements | 772,748 |
| Seized assets | 190,239 |
| Self generated fees | 290,677 |
| Other reimbursed expenses | 197,516 |
| Miscellaneous income | 69,000 |
| Total general revenues | <u>12,777,065</u> |

Change in net position 1,014,954

Net position - beginning 5,844,722

Net position - ending \$ 6,859,676

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

GOVERNMENTAL BALANCE SHEET
JUNE 30, 2017

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 10,175,870 | \$ 66,100 | \$ 10,241,970 |
| Accounts receivable | 2,488,495 | - | 2,488,495 |
| Grants receivable | 72,093 | - | 72,093 |
| Due from other funds | 176,072 | - | 176,072 |
| Due from other governments | - | 34,863 | 34,863 |
| Prepaid expenses | 160,305 | - | 160,305 |
| TOTAL ASSETS | \$ 13,072,835 | \$ 100,963 | \$ 13,173,798 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 164,276 | \$ - | \$ 164,276 |
| Accrued salaries and wages | 371,741 | - | 371,741 |
| Due to other funds | 16,122 | - | 16,122 |
| Line of credit | 325,000 | - | 325,000 |
| TOTAL LIABILITIES | 877,139 | - | 877,139 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable revenues | 1,544,774 | - | 1,544,774 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,544,774 | - | 1,544,774 |
| <u>FUND BALANCE</u> | | | |
| Nonspendable | 160,305 | - | 160,305 |
| Restricted for other purposes | - | 100,963 | 100,963 |
| Unassigned | 10,490,617 | - | 10,490,617 |
| TOTAL FUND BALANCE | 10,650,922 | 100,963 | 10,751,885 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE | \$ 13,072,835 | \$ 100,963 | \$ 13,173,798 |

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

| | | |
|--|--------------------|----------------------------|
| Fund balances - total governmental funds | | \$ 10,751,885 |
| Amounts reported for governmental activities in the statement of net position is different because: | | |
| Deferred outflows-pension related | | 3,824,230 |
| Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds | | |
| Capital assets, cost | 9,568,975 | |
| Capital assets, accumulated depreciation | <u>(7,616,641)</u> | 1,952,334 |
| Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds | | |
| Capital lease payable | | (351,250) |
| Net pension liability | | (7,987,434) |
| Deferred inflows-pension related | | <u>(1,330,089)</u> |
| Net position of governmental activities | | <u><u>\$ 6,859,676</u></u> |

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017

| | General Fund | Other Governmental Funds | Total |
|--------------------------------------|----------------------|--------------------------------|----------------------|
| REVENUES | | | |
| Taxes - ad valorem | \$ 9,655,342 | \$ - | \$ 9,655,342 |
| Intergovernmental: | | | - |
| Federal grants | 287,289 | - | 287,289 |
| State grants | 119,000 | 48,831 | 167,831 |
| State revenue sharing | 602,565 | - | 602,565 |
| State supplemental pay | 714,578 | - | 714,578 |
| Bonds and fines | 560,617 | - | 560,617 |
| Civil fees | 1,103,647 | - | 1,103,647 |
| Prison income | 4,329,399 | - | 4,329,399 |
| Correctional reimbursements | 178,239 | - | 178,239 |
| Contract reimbursements | 772,748 | - | 772,748 |
| Interest earned | 105,665 | 496 | 106,161 |
| Seized assets | 173,802 | 16,437 | 190,239 |
| Self generated fees | 290,677 | - | 290,677 |
| Other reimbursed expenses | 178,343 | 19,173 | 197,516 |
| Total Revenues | <u>19,071,911</u> | <u>84,937</u> | <u>19,156,848</u> |
| EXPENDITURES | | | |
| Public Safety | | | |
| Salaries | 9,447,813 | - | 9,447,813 |
| Payroll taxes | 163,831 | - | 163,831 |
| Retirement contributions | 1,233,556 | - | 1,233,556 |
| Employee benefits | 2,202,849 | - | 2,202,849 |
| Office expenditures | 500,072 | - | 500,072 |
| Insurance | 737,381 | - | 737,381 |
| Law enforcement | 569,502 | 7,035 | 576,537 |
| Automobile | 769,995 | - | 769,995 |
| Professional services | 347,431 | - | 347,431 |
| Telephone and utilities | 341,023 | - | 341,023 |
| Grant federal expenditures | 164 | - | 164 |
| Grant state expenditures | - | - | - |
| Miscellaneous | 44,370 | - | 44,370 |
| Prison expenditures | 1,518,870 | - | 1,518,870 |
| DARE expenditures | - | 48,831 | 48,831 |
| Capital outlay | 791,838 | - | 791,838 |
| Debt service | | | - |
| Interest | 15,185 | - | 15,185 |
| Capital lease expense | 309,616 | - | 309,616 |
| Total Expenditures | <u>18,993,496</u> | <u>55,866</u> | <u>19,049,362</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>78,415</u> | <u>29,071</u> | <u>107,486</u> |
| OTHER FINANCING SOURCES | | | |
| Proceeds from capital leases | <u>307,428</u> | - | <u>307,428</u> |
| Total other financial sources | <u>307,428</u> | - | <u>307,428</u> |
| Net change in fund balance | <u>385,843</u> | <u>29,071</u> | <u>414,914</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>10,265,079</u> | <u>71,892</u> | <u>10,336,971</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 10,650,922</u> | <u>\$ 100,963</u> | <u>\$ 10,751,885</u> |

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 414,914

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

| | | |
|------------------------------------|-----------------|--------|
| Capital outlay | 860,838 | |
| Depreciation expense | (757,289) | |
| Loss on disposal of capital assets | <u>(64,451)</u> | 39,098 |

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds.

| | | |
|-----------------------------|----------------|-------|
| Proceeds from capital lease | (307,428) | |
| Payments on capital lease | <u>309,616</u> | 2,188 |

| | | |
|---|--|---------------|
| Non-employer contributions to cost-sharing plan | | 488,862 |
| Pension expense | | <u>69,892</u> |

Change in net position of governmental activities \$ 1,014,954

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2017

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,561,324 |
| Total Assets | <u>\$ 1,561,324</u> |
| | |
| LIABILITIES | |
| Due to general fund | \$ 176,072 |
| Due to inmates | 315,774 |
| Due to others | 1,069,478 |
| Total Liabilities | <u>\$ 1,561,324</u> |

The accompanying notes are an integral part of this financial statement.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

INTRODUCTION

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the primary government (the Sheriff). These statements include the financial activities of the overall government, except for fiduciary activities. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions should be recognized in accordance with the requirements of GASB Codification Section N50.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

FUND FINANCIAL STATEMENTS:

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

General fund

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

Additionally, the Sheriff reports the following fund types:

Fiduciary funds

Fiduciary fund reporting on net position and changes in net position. The only funds accounted for in this category are agency funds. The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. REPORTING ENTITY

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

The criteria for including organizations as component units within the Sheriff's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include items such as whether the organization is legally separate, whether the Sheriff appoints a voting majority of the organization's board, whether the Sheriff is able to impose his will on the organization. The Sheriff does not have any component units.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

Revenues

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

Revenues (continued)

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

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

Expenditures

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

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2017, was made available for public inspection and comments from taxpayers at the Sheriff's office during May 12, 2016. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing, which was held at the Sheriff's office on June 22, 2016, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

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

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

E. CASH AND CASH EQUIVALENTS

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. CAPITAL ASSETS

All capital assets are capitalized at historical costs, or estimated historical costs for assets where actual cost is not available. Donated fixed assets are recorded at their fair value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimates Useful Lives</u> |
|-------------------------------|--------------------------------------|
| Buildings | 30 years |
| Building Improvements | 20 years |
| Computer Equipment | 3 years |
| Office Furniture | 10 years |
| Other Machinery and Equipment | 5 years |
| Vehicles | 3 years |
| Law Enforcement Equipment | 5-10 years |
| Office Equipment | 5 years |

G. COMPENSATED ABSENCES

Effective July 1, 2004, the Sheriff has the following policy relating to vacation and sick leave:

- a. All full-time employees who have not yet attained his/her fifth anniversary of uninterrupted full-time employment with the Sheriff's Office by the end of the preceding fiscal year, shall earn 3.25 hours of each compensated leave for each 14-day period of employment.
- b. All full-time employees who have attained his/her fifth anniversary of uninterrupted full-time employment with the Sheriff's Office by the end of the preceding fiscal year, shall earn 4.75 hours of each compensated leave for each 14-day pay period of employment.
- c. Employees on leave without pay for more than 50% of a pay period, with the exception of approved mandatory military reserve duty, will not earn any compensated leave for that pay period.
- d. Leave time that is converted to sick time shall be limited to 360 hours. Any time in excess of 360 shall be stricken from the Sheriff's Office leave record.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES (continued)

An employee will be allowed to carry over 120 hours of annual leave into the next fiscal year. Any annual leave in excess of 120 hours will convert to sick time.

Compensated leave will accrue to the employee bank on a pay period basis.

The Sheriff's leave policy does not provide for the vesting or compensation of leave. Due to this, no liability for accrued leave has been recorded at June 30, 2017.

H. ESTIMATES

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

I. INTERFUND ACTIVITY

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

J. NET POSITION IN THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

For the government-wide statement of net position, the net position is classified and displayed in three components:

Net investment in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net position – This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – This component consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. FUND BALANCE OF FUND FINANCIAL STATEMENTS

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

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

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

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

Assigned – represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed.

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

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

L. PENSION PLANS

The Tangipahoa Parish Sheriff's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 9. 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 each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial 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 outflows of resources (expenditure) until then. The Clerk has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

In addition, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial 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) at that time. The Clerk has on item that qualifies for this category; pension related deferrals. This amount is recognized as an inflow of resources in the period that the amount becomes available.

2. 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, of each year. Taxes are levied in October and 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 Tangipahoa Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. Only a minor amount of taxes was uncollectible as of June 30, 2017. For the year ended June 30, 2017, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.81 mills on property with assessed valuations totaling \$564,635,317.

The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem taxes.

| | <u>Authorized Millage</u> | <u>Levied Millage</u> | <u>Expiration Date</u> |
|--|-------------------------------|---------------------------|----------------------------|
| Law Enforcement District (Maintenance) | 7.81 | 7.81 | n/a |
| Law Enforcement District (Operational) | 10.00 | 10.00 | 2020 |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

3. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Sheriff has unrestricted cash and cash equivalents (book balances) as follows:

| | |
|----------------------------------|----------------------|
| Governmental funds: | |
| Petty cash | \$ 2,650 |
| Interest-bearing demand deposits | <u>10,239,320</u> |
| Total governmental funds | <u>\$ 10,241,970</u> |
| Fiduciary funds: | |
| Interest-bearing demand deposits | <u>\$ 1,561,324</u> |
| Total fiduciary funds | <u>\$ 1,561,324</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

4. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Sheriff does not have a policy for custodial credit risk. At June 30, 2017, the Sheriff has \$12,886,969 in deposits (collected) bank balance. The deposits were secured from risk by federal deposit insurance and pledged securities. As of June 30, 2017, the government's bank balance was not exposed to custodial credit risk.

5. LINE OF CREDIT

The Sheriff's office has a \$3 million line of credit from a local bank secured by all deposit accounts. The interest rate on the line of credit is equal to 6.0 percent and matures September 30, 2017. As of June 30, 2017, the line of credit had a balance in the amount of \$325,000.

6. RECEIVABLES

The general fund receivables at June 30, 2017 are as follows:

| | |
|---------------------------------------|---------------------|
| <u>Class of Receivables</u> | |
| Fees, charges, and commissions | \$ 118,420 |
| Prisoner housing and reimbursements | 406,598 |
| Due from Tangipahoa Parish government | <u>1,963,477</u> |
| | <u>\$ 2,488,495</u> |

The Sheriff and the Tangipahoa Parish government are currently in dispute as to the fiscal responsibility for certain costs and maintenance expenses from the parish jail totaling \$1,544,774. The ultimate outcome is unknown at this time.

TANGIPAOHA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

7. CAPITAL ASSETS

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

| | Balance 6/30/2016 | Additions | Deletions | Balance 6/30/2017 |
|---------------------------------|----------------------|-------------------|------------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Depreciated: | | | | |
| Land and Land Improvements | \$ 65,343 | \$ - | \$ - | \$ 65,343 |
| | | | | - |
| Other Capital Assets: | | | | |
| Buildings | 394,691 | - | - | 394,691 |
| Data Processing Equipment | 1,877,959 | 249,719 | - | 2,127,678 |
| Law Enforcement Equipment | 1,494,621 | 38,356 | - | 1,532,977 |
| Office Equipment | 449,908 | 14,784 | - | 464,692 |
| Office Furniture | 19,675 | - | - | 19,675 |
| Other Machinery & Equipment | 6,380 | - | - | 6,380 |
| Vehicles | 4,667,575 | 557,979 | 268,015 | 4,957,539 |
| | <u>8,976,152</u> | <u>860,838</u> | <u>268,015</u> | <u>9,568,975</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings | 119,901 | 34,109 | - | 154,010 |
| Data Processing Equipment | 1,745,685 | 198,892 | - | 1,944,577 |
| Law Enforcement Equipment | 1,259,876 | 78,197 | - | 1,338,073 |
| Office Equipment | 367,415 | 24,079 | - | 391,494 |
| Office Furniture | 2,953 | 2,531 | - | 5,484 |
| Other Machinery & Equipment | 2,605 | 638 | - | 3,243 |
| Vehicles | 3,564,481 | 418,843 | 203,564 | 3,779,760 |
| | <u>7,062,916</u> | <u>757,289</u> | <u>203,564</u> | <u>7,616,641</u> |
| Governmental Activities | | | | |
| Capital Assets, net | <u>\$ 1,913,236</u> | <u>\$ 103,549</u> | <u>\$ 64,451</u> | <u>\$ 1,952,334</u> |

For the year ended June 30, 2017, depreciation expense was \$757,289.

During the year ended June 30, 2017, significant flooding occurred within the Tangipahoa Parish limits. The Sheriff recognized an impairment loss of \$15,307 which is included in the general expenditure function of the statement of activities.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

8. LONG-TERM DEBT

Summary of changes in long-term debt for the year ended June 30, 2017, is as follows:

| <i>Governmental Activities:</i> | Balance <u>7/1/2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>6/30/2017</u> |
|---------------------------------|----------------------------|------------------|-------------------|-----------------------------|
| Capital lease obligations | \$353,438 | \$307,428 | \$309,616 | \$351,250 |
| Total | <u>\$353,438</u> | <u>\$307,428</u> | <u>\$309,616</u> | <u>\$351,250</u> |

The Sheriff had nine capital lease obligations in 2017. The lease payments relating to the items have been capitalized and included in capital assets on the accompanying government-wide financial statements. The leased assets have a cost of \$977,697, and amortization expense, which is included with depreciation expense, recognized on the leases as of June 30, 2017 was \$132,980.

The following is a summary of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of June 30, 2017.

| Year ending June 30 th | |
|---------------------------------------|-------------------|
| 2018 | \$ 226,512 |
| 2019 | 132,687 |
| 2020 | 10,416 |
| 2021 | <u>859</u> |
| Future minimum lease payments | 370,474 |
| Less: Amount representing interest | <u>(19,224)</u> |
| Present value of net minimum payments | <u>\$ 351,250</u> |

9. PENSION PLAN

Substantially all employees of the Tangipahoa Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

Plan Description:

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLAN (continued)

Members who joined the system on or before December 31, 2011, are eligible for regular retirement benefits upon attaining 30 years of creditable service at any age, or 12 years of creditable service and aged 55 years is entitles to retirement benefit payable monthly for life, equal to 3.33 percent of his final average compensation for each year of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least 10 years of creditable service may retire at age 60. 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. Members who joined the system on January 1, 2012, who retires at or after age 62 with at least 12 years of creditable service, at or after age 60 with at least 20 years of creditable service, or at 55 with 30 years of creditable service is entitled to a retirement benefit payable monthly for life, equal to 3.00 percent. For members with 30 or more years of service; the accrual rate is 3.33 percent. The retirement allowance is equal to the benefit accrual times the member's final average compensation each year of creditable service. In any case, the retirement benefit cannot exceed 100 percent of their final average salary. Members with 20 or more years of service may retire with a reduced retirement at age 55. For members eligible on or before June 30, 2006, final average compensation is based on the average monthly earning during the highest consecutive 36 months (60 highest consecutive months for member employed between July 1, 2006 and July 1, 2013) or joined months if service was interrupted. The earnings to be considered for each 12-month period within the 36-month (or 60 month) period shall not exceed 125% of the preceding 12 months. For members joining after July 1, 2013, final compensation is based on the average monthly earnings during the highest 60 consecutive months and the earnings to be considered for each 12-month period within the 60 months shall not exceed 115% of the preceding 12-month period.

A member is eligible to receive disability benefits if the member has at least 10 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 or 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 the retirement benefit which would be payable assuming continue 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 18 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 exceed 100%. If a member dies with no surviving spouse, surviving children under the age of 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 4 children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLAN (continued)

The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full-time student in good standing enrolled at a board approved or accredited school, college, or university.

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-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the times a member first become eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, Back-DROP period is the lesser of four years of 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 multiplies 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.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 13.25%. 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.

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary. The contribution requirements of plan members and the Tangipahoa Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLAN (continued)

results of the valuation for the prior fiscal year. The Tangipahoa Parish Sheriff's contributions to the System, for years ending June 30, 2017, 2016, and 2015, were \$1,171,226, \$1,178,161, and \$1,191,029 respectively.

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

At June 30, 2017, the Sheriff reported a liability of \$7,987,434 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Sheriff's proportion was 1.2585%, which was a decrease of 0.0021% from its proportion measured as of June 30, 2015.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differenced between expected and actual experience | \$ - | \$ (837,793) |
| Changes in assumptions | 652,549 | - |
| Net difference between projected and actual earning on pension plan investments | 2,000,455 | - |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | - | (492,296) |
| Employer contributions subsequent to the measurement date | 1,171,226 | - |
| Total | <u>\$ 3,824,230</u> | <u>\$ (1,330,089)</u> |

The Sheriff reported a total of \$1,171,226 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2017.

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 | |
| 2018 | 67,810 |
| 2019 | 67,810 |
| 2020 | 648,709 |
| 2021 | 509,050 |
| 2022 | 14,770 |
| 2023 | 14,766 |
| | <u>\$ 1,322,915</u> |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLAN (continued)

Actuarial Assumptions

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

| | |
|---|--|
| Valuation Date | June 30, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 7 years |
| Investment Rate of Return | 7.60%, net of investment expense |
| Discount Rate | 7.50% |
| Projected salary increases | 5.5% (2.875% inflation, 2.625% merit) |
| Mortality | RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table |
| 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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. |

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

| Asset Class | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------------|--------------------------|---|
| Equity securities | 60% | 3.9% |
| Bonds | 25 | 0.5 |
| Alternative Investments | 15 | 0.6 |
| Total | <u>100%</u> | <u>5.0%</u> |
| Inflation | | 2.7 |
| Expected Arithmetic Nominal Return | | <u>7.7%</u> |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLAN (continued)

Mortality Rate

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|-------------------|----------------------|------------------------------|----------------------|
| LSPRF | | | |
| Rates | 6.5% | 7.5% | 8.5% |
| TPSO Share of NPL | \$13,551,496 | \$7,987,434 | \$3,394,961 |

Amounts Payable to Pension Plans

The Sheriff had a payable to the Retirement System at June 30, 2017 in the amount of \$39,142.

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

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

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

11. CHANGES IN AGENCY FUND BALANCES

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

| | Balance at Beginning of Year | Additions | Reductions | Balance at End of Year |
|--------------------------|------------------------------------|---------------------|---------------------|------------------------------|
| Agency Funds: | | | | |
| Civil Fund | \$450,733 | \$4,829,458 | \$4,821,838 | \$458,353 |
| Criminal Bond Fund | 146,754 | 2,529,322 | 2,449,756 | 226,320 |
| Tax Collector Trust Fund | 281,320 | 55,702,092 | 55,603,855 | 379,557 |
| Work Release Inmate | 514,781 | 3,544,117 | 3,561,804 | 497,094 |
| Total | <u>\$1,393,588</u> | <u>\$66,604,989</u> | <u>\$66,437,253</u> | <u>\$1,561,324</u> |

12. LITIGATION AND CLAIMS

At June 30, 2017, the Sheriff was involved in several lawsuits. In the opinion of the Sheriff's legal counsel, the ultimate resolution of these claims would not create a liability to the Sheriff in excess of existing insurance coverage.

13. DUE TO/FROM OTHER FUNDS

During the year, the general fund records receivables for its portion of fines, taxes, bonds or fees collected by fiduciary funds and due to others for any advances to these funds. Individual balances due to/from other funds at June 30, 2017 are as follows:

| | Due To Other Funds | Due From Other Funds |
|-------------------------------|--------------------------|----------------------------|
| Governmental: | | |
| General Fund | \$ - | \$176,072 |
| Subtotal – Governmental funds | <u>-</u> | <u>176,072</u> |
| Fiduciary Funds: | | |
| Work Release Inmate | 116,000 | - |
| Criminal | 10,704 | - |
| Tax Collector | 35,354 | - |
| Civil | 14,014 | - |
| Subtotal – Fiduciary funds | <u>176,072</u> | <u>-</u> |
| TOTAL | <u>\$ 176,072</u> | <u>\$ 176,072</u> |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

14. EX-OFFICIO TAX COLLECTOR

The amount of cash on hand at the end of the year was \$226,085.

The amount of taxes collected for the current year by taxing authority is as follows:

| <u>Taxing Authority</u> | <u>Taxes Collected</u> |
|---------------------------------------|-------------------------------|
| Downtown Development, City of Hammond | \$272,953 |
| Gravity Drainage District #1 | 4,383,397 |
| Gravity Drainage District #4 | 210,094 |
| Gravity Drainage District #5 | 77,010 |
| Fire Protection District #1 | 576,190 |
| Florida Parish Juvenile Justice | 1,533,151 |
| Independence Recreation District | 256,010 |
| LA Agriculture & Forestry Commission | 18,451 |
| Louisiana Tax Commission | 23,161 |
| Mosquito Abatement | 2,178,643 |
| Ponchatoula Recreation District | 1,769,925 |
| Tangipahoa Parish Assessor | 2,603,542 |
| Tangipahoa Parish Council | 6,994,042 |
| Tangipahoa Parish Library | 3,239,119 |
| Tangipahoa Parish School Board | 6,940,110 |
| Tangipahoa Parish Sheriff | 9,929,126 |
| Tangipahoa Parish Hospital | 206,692 |
| Hammond Recreation District #1 | 2,692,978 |
| Tangipahoa Parish Rural Fire | 5,390,089 |
| Whitney Bank Corporate Trust | 420,515 |
| Total | <u>\$49,715,198</u> |

TANGIPAOHA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

14. EX-OFFICIO TAX COLLECTOR (continued)

The amount of taxes assessed and uncollected by the specified taxing authority is presented below.

| <u>Taxing Authority</u> | <u>Uncollected Taxes</u> |
|---------------------------------------|---------------------------------|
| Downtown Development, City of Hammond | \$1,290 |
| Gravity Drainage District #1 | 8,780 |
| Gravity Drainage District #4 | 260 |
| Gravity Drainage District #5 | 142 |
| Fire Protection District #1 | 634 |
| Florida Parish Juvenile Justice | 2,824 |
| Independence Recreation District | 2,273 |
| LA Agriculture & Forestry Commission | 7 |
| Mosquito Abatement | 3,693 |
| Ponchatoula Recreation District | 2,899 |
| Tangipahoa Parish Assessor | 4,793 |
| Tangipahoa Parish Council | 11,639 |
| Tangipahoa Parish Library | 5,966 |
| Tangipahoa Parish School Board | 13,679 |
| Tangipahoa Parish Sheriff | 18,287 |
| Tangipahoa Parish Hospital | 248 |
| Hammond Recreation District #1 | 4,535 |
| Tangipahoa Parish Rural Fire | 8,863 |
| Whitney Corporate Trust | 514 |
| Total | <u>\$91,326</u> |

The above amounts represent taxes assessed and uncollected by the specified taxing authority. Failure to collect these taxes is due to bankruptcies or the fact that the property is considered moveable, and therefore, it cannot be sold at a property tax sale.

The amount of collection on behalf of other taxing authorities is as follows:

| <u>Taxing Authority</u> | Tangipahoa Parish Council | Tangipahoa Parish Tourist Commission | Commission to Tangipahoa Parish Sheriff | Final Distribution |
|--------------------------------|--|---|--|-------------------------------|
| Occupational License | \$872,735 | \$- | \$154,012 | \$1,026,747 |
| Occupancy Tax (Hotel/Motel) | - | 1,025,843 | 53,991 | 1,079,834 |
| Totals | <u>\$872,735</u> | <u>\$1,025,843</u> | <u>\$208,003</u> | <u>\$2,106,581</u> |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

14. EX-OFFICIO TAX COLLECTOR (continued)

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

15. TAX ABATEMENTS

The Sheriff is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP"). For the year ending December 31, 2016, the government participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by *Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73*, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. Under the original program guidelines, the exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. Effective June 24, 2016 the term of the exemption contract which shall be for up to, but no more than five years and may provide for an ad valorem exemption of up to 100 percent and terms for renewal may be included provided that the renewal of the contract shall be for a period up to, but no more than three years and may provide for an ad valorem tax exemption of up to, but no more than 80 percent. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

Taxes abated for the fiscal year ended June 30, 2017 were as follows:

| | <u>Total</u> |
|----------------------------------|-------------------|
| Tax Abatement Program | |
| Industrial Tax Exemption Program | <u>\$ 203,117</u> |
| | <u>\$ 203,117</u> |

16. SUBSEQUENT EVENTS

The Sheriff's office has evaluated subsequent events through the date that the financial statements were available to be issued, December 8, 2017, and determined the following events occurred that required disclosure. No events after December 8, 2017 have been considered for disclosure in the notes to the financial statement.

On July 26, 2017, the Sheriff purchased 2 acres of land in the amount of \$320,000.

As disclosed in Note 6 to the financial statements, the Sheriff is currently in a legal dispute with Tangipahoa Parish Council. A hearing is set for December 15, 2017 at which time a ruling will be issued.

REQUIRED
SUPPLEMENTARY INFORMATION – PART II

**TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

| | Original Budget | Final Budget | Actual |
|--|----------------------|----------------------|----------------------|
| <u>REVENUES</u> | | | |
| Ad valorem taxes | \$ 10,075,000 | \$ 9,700,000 | \$ 9,655,342 |
| Intergovernmental revenues: | | | |
| Federal grants | 88,000 | 225,000 | 287,289 |
| State grants | 105,000 | 56,169 | 119,000 |
| State revenue sharing | 605,000 | 602,000 | 602,565 |
| State supplemental pay | 700,000 | 700,000 | 714,578 |
| Bonds and fines | 600,000 | 600,000 | 560,617 |
| Civil fees | 1,150,000 | 1,100,000 | 1,103,647 |
| Prison income | 4,880,000 | 4,100,000 | 4,329,399 |
| Correctional reimbursements | 915,000 | 205,000 | 178,239 |
| Contract reimbursements | 785,000 | 785,000 | 772,748 |
| Use of money and property: | | | |
| Interest earned | 40,000 | 40,000 | 105,665 |
| Seized assets | 50,000 | 175,000 | 173,802 |
| Self generated fees | 250,000 | 200,000 | 290,677 |
| Other reimbursed expenses | 235,000 | 235,000 | 178,343 |
| Total Revenues | <u>20,478,000</u> | <u>18,723,169</u> | <u>19,071,911</u> |
| <u>EXPENDITURES</u> | | | |
| Public Safety | | | |
| Salaries | 9,292,500 | 9,377,500 | 9,447,813 |
| Payroll taxes | 175,000 | 165,000 | 163,831 |
| Retirement contributions | 1,300,000 | 1,405,000 | 1,233,556 |
| Employee benefits | 2,175,000 | 2,066,000 | 2,202,849 |
| Office expenditures | 475,000 | 515,000 | 500,072 |
| Insurance | 1,200,000 | 975,000 | 737,381 |
| Law enforcement | 600,000 | 575,000 | 569,502 |
| Automobile | 850,000 | 765,000 | 769,995 |
| Professional services | 375,000 | 335,000 | 347,431 |
| Telephone and utilities | 360,000 | 335,000 | 341,023 |
| Grant federal expenditures | 10,000 | 10,000 | 164 |
| Miscellaneous | 15,000 | 5,000 | 44,370 |
| Prison expenditures | 1,500,000 | 1,450,000 | 1,518,870 |
| DARE expenditures | 15,000 | - | - |
| Capital outlay | 850,000 | 725,000 | 791,838 |
| Debt service | | | |
| Interest | 16,000 | 16,000 | 15,185 |
| Capital lease expense | 330,000 | 330,000 | 309,616 |
| Total Expenditures | <u>19,538,500</u> | <u>19,049,500</u> | <u>18,993,496</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>939,500</u> | <u>(326,331)</u> | <u>78,415</u> |
| <u>OTHER FINANCING SOURCES</u> | | | |
| Operating transfers in | - | 350,000 | - |
| Sales of capital assets | 5,000 | 5,000 | - |
| Proceeds from capital leases | 275,000 | 306,000 | 307,428 |
| Total other financial sources | <u>280,000</u> | <u>661,000</u> | <u>307,428</u> |
| Net change in fund balance | <u>1,219,500</u> | <u>334,669</u> | <u>385,843</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>9,265,717</u> | <u>10,265,079</u> | <u>10,265,079</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 10,485,217</u> | <u>\$ 10,599,748</u> | <u>\$ 10,650,922</u> |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

SCHEDULE OF THE SHERIFF'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017 (*)

| <u>Pension Plan</u> | <u>Year</u> | <u>Employer's Proportion of the Net Pension Liability (Asset)</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Covered Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|--|-------------|---|--|----------------------------|---|---|
| Louisiana Sheriff's Pension and Relief Fund | | | | | | |
| | 2017 | 1.2585% | \$ 7,987,434 | \$ 8,839,432 | 90.3614% | 82.10% |
| | 2016 | 1.2606% | 5,619,227 | 8,568,444 | 65.5805% | 86.61% |
| | 2015 | 1.3022% | 5,156,727 | 8,358,101 | 61.6974% | 87.34% |

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

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

TANGIPAOA PARISH SHERIFF
AMITE, LOUISIANA

SCHEDULE OF TANGIPAOA PARISH SHERIFF'S CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2017

| <u>Pension Plan</u> | <u>Year</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as of % of Covered Payroll</u> |
|--|-------------|---|---|---|----------------------------|---|
| Louisiana Sheriff's Pension and Relief Fund | | | | | | |
| | 2017 | \$ 1,171,226 | \$ 1,171,226 | \$ - | \$ 8,839,432 | 13.25% |
| | 2016 | 1,178,161 | 1,178,161 | - | 8,568,444 | 13.75% |
| | 2015 | 1,191,029 | 1,191,029 | - | 8,358,101 | 14.25% |

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

OTHER SUPPLEMENTARY INFORMATION

TANGIPAHOA PARISH SHERIFF

AMITE, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

D.A.R.E. FUND

The DARE fund is used to provide education and awareness to students in order to prevent use of controlled drugs and violent behavior. The program enables students to interact with police officers or sheriffs in a controlled, safe, classroom environment.

TRI-PARISH FUND

The Tri-Parish fund provides funding for law enforcement drug task force in the surrounding parishes of Tangipahoa, Livingston, and St. Helena.

TANGIPAOHA PARISH SHERIFF
AMITE, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

| | DARE Fund | Tri-Parish Fund | Total |
|------------------------------------|-----------|--------------------|------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 6,941 | \$ 59,159 | \$ 66,100 |
| Receivables | - | - | - |
| Due from other governments | - | 34,863 | 34,863 |
| | \$ 6,941 | \$ 94,022 | \$ 100,963 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - |
| Due to other funds | - | - | - |
| Due to other governments | - | - | - |
| Total liabilities | - | - | - |
| <u>FUND BALANCE</u> | | | |
| Restricted for other purposes | 6,941 | 94,022 | 100,963 |
| Total fund balance | 6,941 | 94,022 | 100,963 |
| Total liabilities and fund balance | \$ 6,941 | \$ 94,022 | \$ 100,963 |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017

| | DARE Fund | Tri-Parish Fund | Total |
|---|-----------|--------------------|------------|
| <u>REVENUES</u> | | | |
| Intergovernmental | | | |
| State grants | \$ 48,831 | \$ - | \$ 48,831 |
| Use of money and property: | | | |
| Interest | 66 | 430 | 496 |
| Seized assets | - | 16,437 | 16,437 |
| Other reimbursed expenses | 18,278 | 895 | 19,173 |
| Total Revenues | 67,175 | 17,762 | 84,937 |
| <u>EXPENDITURES</u> | | | |
| Public safety: | | | |
| Law enforcement | - | 7,035 | 7,035 |
| DARE expenditures | 48,831 | - | 48,831 |
| Total Expenditures | 48,831 | 7,035 | 55,866 |
| Excess of Revenues over Expenditures | 18,344 | 10,727 | 29,071 |
| Fund Balance (deficit) at beginning of year | (11,403) | 83,295 | 71,892 |
| Fund Balance at end of year | \$ 6,941 | \$ 94,022 | \$ 100,963 |

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

GENERAL DESCRIPTIONS
AGENCY FUNDS
JUNE 30, 2017

CIVIL BOND FUND

The Civil Fund accounts for funds held in civil suits, sheriff's sales, and garnishments and payments of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

CRIMINAL BOND FUND

The Criminal Bond Fund accounts for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and others in accordance with applicable laws.

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies. Hotel and motel transactions also run through the tax collector fund.

WORK RELEASE INMATE FUND

The Work Release Inmate Fund accounts for the deposits made by, and for, inmates to their individual accounts and the appropriate disbursements to these inmates for payroll checks and withholdings of inmate expenses.

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

AGENCY FUNDS
SCHEDULE OF CHANGES IN BALANCES DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Civil Bond</u> | <u>Criminal Bond</u> | <u>Tax Collector</u> | <u>Work Release Inmate</u> | <u>Total</u> |
|--|-----------------------|--------------------------|--------------------------|--------------------------------|---------------------|
| <u>BALANCES AT BEGINNING OF YEAR</u> | \$450,733 | \$146,754 | \$281,320 | \$514,781 | \$1,393,588 |
| <u>ADDITIONS</u> | | | | | |
| Deposits: | | | | | |
| Sheriff's sales and garnishments | 4,829,458 | - | - | - | 4,829,458 |
| Fines and costs | - | 2,529,322 | - | - | 2,529,322 |
| Receipts from inmates | - | - | - | 3,544,117 | 3,544,117 |
| Taxes, fees, etc. paid to tax collector | - | - | 55,702,092 | - | 55,702,092 |
| Total additions | <u>4,829,458</u> | <u>2,529,322</u> | <u>55,702,092</u> | <u>3,544,117</u> | <u>66,604,989</u> |
| <u>REDUCTIONS</u> | | | | | |
| Taxes, fees, etc. distributed to taxing bodies and others | - | - | 55,603,855 | - | 55,603,855 |
| Distribution to inmates | - | - | - | 3,561,804 | 3,561,804 |
| Deposits settled | 4,821,838 | 2,449,756 | - | - | 7,271,594 |
| Total reductions | <u>4,821,838</u> | <u>2,449,756</u> | <u>55,603,855</u> | <u>3,561,804</u> | <u>66,437,253</u> |
| <u>BALANCES AT END OF YEAR</u> | <u>\$ 458,353</u> | <u>\$ 226,320</u> | <u>\$ 379,557</u> | <u>\$ 497,094</u> | <u>\$ 1,561,324</u> |

STATE OF LOUISIANA, PARISH OF TANGIPAHOA

AFIDAVIT

Daniel H. Edwards, Sheriff of Tangipahoa Parish

BEFORE ME, the undersigned authority, personally came and appeared, Daniel H. Edwards, the sheriff of Tangipahoa Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$261,650.84 is the amount of cash on hand and in the tax collector account on June 30, 2017.

He further deposed and said:

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

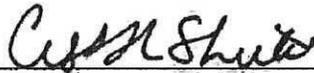
All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.



Signature

Sheriff of Tangipahoa Parish

SWORN to and subscribed before me, Notary, this 16th day of October, 2017, in my office in Hammond, Louisiana.



(Signature)

Celeste H. Shields, Notary Public
200 North Cata Street, Hammond, LA 70401

LA Bar Roll # 33369 / Notary # 91180

My commission expires at death _____ (Commission)

TANGIPAOA PARISH SHERIFF
AMITE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OF CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head Name/Title: Daniel Edwards, Sheriff

| Purpose | Amount |
|-----------------------------|---------------|
| Salary | \$ 159,540 |
| Benefits-insurance (health) | 7,451 |
| Benefits-retirement | 23,300 |
| Deferred compensation | 7,500 |
| Benefits-other (dental) | 125 |
| Benefits-other (GTL) | 1,663 |
| Dues | 14,834 |
| Per diem | 751 |
| Reimbursements | 474 |
| Travel | 302 |
| Registration fees | 2,260 |
| Conference travel | 4,231 |
| | <hr/> |
| | \$ 222,431 |
| | <hr/> <hr/> |



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

Honorable Daniel Edwards
Amite, 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 Tangipahoa Parish Sheriff's Office, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Tangipahoa Parish Sheriff's Office basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tangipahoa Parish Sheriff's Office'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 Tangipahoa Parish Sheriff's Office's internal control. Accordingly, we do not express an opinion on the effectiveness of Tangipahoa Parish Sheriff's Office'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Diez, Dupuy & Ruiz

Gonzales, Louisiana
December 8, 2017

TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Tangipahoa Parish Sheriff's Office.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Tangipahoa Parish Sheriff's Office were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None note

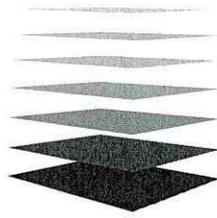
TANGIPAHOA PARISH SHERIFF
AMITE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2017

A. FINDINGS – FINANCIAL STATEMENT AUDIT

1. None

TANGIPAHOA PARISH SHERIFF
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2017



DDR

DIEZ, DUPUY & RUIZ, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Sheriff Daniel Edwards and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- 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.

- d) **Receipts**, including receiving, recording, and preparing deposits.

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, 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. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained. Policy addressed all functions with the exception of #4.

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

No policy was provided.

Management's response: We will consider adopting a policy.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The entity does not have a board or finance committee, as the Sheriff is an elected official responsible for all oversight of the entity. Therefore; these procedures were not applicable to the entity.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The entity does not have a board or finance committee, as the Sheriff is an elected official responsible for all oversight of the entity. Therefore; these procedures were not applicable to the entity.

If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The entity does not have a board or finance committee, as the Sheriff is an elected official responsible for all oversight of the entity. Therefore; these procedures were not applicable to the entity.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The entity does not have a board or finance committee, as the Sheriff is an elected official responsible for all oversight of the entity. Therefore; these procedures were not applicable to the entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.

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

The bank reconciliations examined included evidence of management review for all twelve months.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting management does not have documentation for three of the five bank accounts tested reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management's response: Documentation will be obtained that research was performed for the reconciling items that have been outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Obtained written documentation and noted each person responsible for collecting cash is (1) bonded (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank statement, and (3) not required to share the same cash drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest week of cash collections were selected from the general ledger for 5 locations. Collections were traced to supporting documentation, deposit slips, and bank statements. We noted 106 of the 112 collections selected were deposited within one day of collection. The number of days from collection to deposit for the remaining six is between 2-15 days.

Management's response: Deposits are made daily when practical. Deposits not made within one day of collection are kept in a locked bag until taken to the bank.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

System reports and/or other related collection documentation supported the cash collection.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity has formal process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained listing of disbursements and management's representation that listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

For 23 of 25 transactions tested, we noted that the transactions were either for recurring expenses or for civil fund disbursements in which the entity does not utilize a requisition/purchase order system. We were unable to perform certain prescribed procedures for those transactions. For the remaining 2, purchases were initiated using a requisition/purchase order system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders were approved by a person who did not initiate the transactions for the 2 transactions requiring a purchase order.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were not processed without either an approval purchase order, if applicable, and an approved invoice.

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

The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

Persons with signatory authority or those who make the final authorization for purchases do not have the responsibility of recording purchases. The Sheriff has the ability to initiate purchases and sign checks.

Management's response: Due to the limited number of resources available, the Sheriff is unable to adequately segregate these duties. The Sheriff signs substantially all checks and checks require dual signatures.

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

The supply of unused checks is maintained in a locked location. This locked location is under the control and access of a person who has signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Signature stamp is maintained under control and is only used with the knowledge and consent of the signer.

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

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

Obtained listing of active credit cards and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

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

On the month tested, evidence was available to support that the supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Documentation of business/public purpose was provided without exception.

Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All documentation appeared to be in order.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

None of the transactions that were tested reflected noncompliance with the Sheriff's written policies, nor were there any transactions tested subject to Louisiana Public Bid Law.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature

of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No evidence of noncompliance noted in the transactions tested.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of all travel and related expense reimbursements, by person, and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Sheriff utilizes a standard per diem rate per day for meals and incidental expenses and mileage rate for travel reimbursements that coincides with GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All expense reimbursements tested were in accordance with the Sheriff's written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Itemized receipts were provided for all expenses tested that identified what was purchase or reimbursed without exception.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation of business purposes was supported for items selected for review. No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Documentation in accordance with written policies was provided without exception.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Sheriff's documentation of business/public purpose for tested reimbursements appear to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense tested was supported by documentation of review and approval in writing by someone other than the person receiving the reimbursement without exception.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of contracts in effect and management's representation that listing was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal/written contracts were obtained that supports the services arrangements. No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Each contract selected was not subject to the Louisiana Public Bid Law or Procurement Code and quotes were not solicited.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The contracts selected were not amended during the current fiscal period.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Payments made on each contract were made within the terms and conditions of the contract.

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

Not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained listing of employees with their related salaries and management's representation that listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with written policy.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

All employees tested had documentation of daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Sheriff maintained leave records reflecting the hours earned, the hours used, and the balance available at fiscal yearend without exception.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained management's representation of the list of terminated employees during the fiscal period. The two largest termination payments were tested and it was determined the payments were made in strict accordance with policy and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The Sheriff maintained documentation demonstrating that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

State Bond Commission was obtained for the new leases and line of credit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Sheriff's office made all required scheduled lease payments. There were not any debt reserves or debt covenants to comply with.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

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

Management asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Sheriff has posted on its premises and website the notice required by R.S. 24:523.1.

If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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 LLA as a public document.

Diery, Dupuy & Ruiz

Gonzales, Louisiana
December 8, 2017