
SABINE PARISH SHERIFF

FINANCIAL REPORT

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 2
<u>REQUIRED SUPPLEMENTARY INFORMATION-PART I</u>	
Management's Discussion and Analysis	3 – 7
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	8
Statement of Activities	9
Governmental Fund Balance Sheet	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Fund Types	12
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	13
Statement of Net Position – Proprietary Fund	14
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	17
Notes to the Financial Statements	18 – 41
<u>REQUIRED SUPPLEMENTARY INFORMATION—PART II</u>	
Budgetary Comparison Schedule – General Fund	42
Schedule of Funding Progress for Other Post-Employment Benefit Plan and the Schedule of Employer Contributions	43
Schedule of Proportionate Share of the Net Pension Liability – Sheriff's Pension and Relief Fund	44
Schedule of the Employer Contributions to the Sheriffs' Pension and Relief Fund	45

TABLE OF CONTENTS

	<u>Page</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Sheriff's Sworn Statement	46
Schedule of Compensation, Benefits and Other Payments to the Sabine Parish Sheriff	47
<u>OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	48 - 49
Schedule of Findings and Questioned Costs	50 - 52
Summary Schedule of Prior Audit Findings	53

INDEPENDENT AUDITORS' REPORT

Honorable Ronald G. Richardson
Sabine Parish Sheriff
Many, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Sabine Parish Sheriff (the Sheriff) as of and for the year then 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 *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of Funding Progress for Other Post-Employment Benefit Plan and Schedule of Employer Contributions, the Schedule of Proportionate Share of the Net Pension Liability – Sheriff's Pension and Relief Fund, and the Schedule of Employer Contributions to the Sheriffs' Pension and Relief Fund on pages 3 through 7, 42, 43, 44, and 45, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Sheriff's Sworn Statement presented on page 46 and the Schedule of Compensation, Benefits, and Other Payments to the Sabine Parish Sheriff on page 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2017 on our consideration of Sabine Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Baton Rouge, Louisiana
December 31, 2017

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of Sabine Parish Sheriff's (the Sheriff) annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 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 decreased approximately \$454,000 or 7.0% over the course of this year's operations.
- Expenses for the year were \$7.1 million, an increase of approximately \$20,000.
- Revenues for the year were \$6.6 million, a decrease of approximately \$386,000.
- After transfers out to cover operating costs of the Detention Center, the General Fund's decrease in fund balance was approximately \$300,000. The General Fund ended the year with a \$7.3 million fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the financial statements, required supplementary information, and other 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.
 - The proprietary fund financial statements indicate the degree to which the full costs of operating the prison were covered through revenues received from the parish and other governmental entities.
 - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as agent for the benefit of others, to whom the held resources belong.

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

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

Government-wide Statements

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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

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

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as general administration and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities.
- Business-type activities—the operations of the Detention Center are included here, and the Sheriff charges fees to cover some of the cost of certain services provided. The Sheriff charges the Louisiana Department of Corrections, Sabine Parish Police Jury, and other governments to house prisoners.

Fund Financial Statements

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

The Sheriff has three kinds of funds:

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net position. The Sheriff's net position is comprised of the following:

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 8,147,211	\$ 8,231,928	\$ 248,636	\$ 410,900
Capital assets, net	806,456	864,026	1,058,776	1,131,768
Total assets	8,953,667	9,095,954	1,307,412	1,542,668
Deferred outflows of resources	1,158,728	437,236	370,443	141,791
Accounts payable and accruals	209,242	243,616	86,750	68,602
Internal balances	683,341	433,964	(683,341)	(433,964)
Capital lease obligations	241,506	208,776	-	-
Other post employment benefits payable	1,282,806	1,107,815	439,202	381,814
Net pension liability	2,265,812	1,522,540	814,387	579,670
Total liabilities	4,682,707	3,516,711	656,998	596,122
Deferred inflows of resources	318,236	471,184	101,962	149,185
Net Position				
Net investment in capital assets	564,950	655,250	1,058,776	1,131,768
Restricted	83,897	109,213	20,496	19,268
Unrestricted	4,462,605	4,780,832	(160,377)	(211,884)
Total Net Position	\$ 5,111,452	\$ 5,545,295	\$ 918,895	\$ 939,152

Net position of the Sheriff's governmental activities decreased 7.8% to approximately \$5.1 million, while net position in the business type activities decreased 2.2% to approximately \$939,000.

Changes in net position. The Sheriff's total revenues decreased by 5.5% due to a decrease in tax collections. (See Table A-2.) Approximately 35% of the Sheriff's revenue comes from ad valorem tax collections in Sabine Parish and approximately 37% comes from sales tax revenue. The remainder comes from prison fees and miscellaneous fees, commissions, and other intergovernmental revenues.

The total cost of all programs and services increased approximately \$20,000 or 0.3%.

Revenues for the Sheriff's governmental activities decreased 4.9% to \$5.9 million while expenses for governmental activities increased 2.4% to \$5.0 million primarily due to increases in Other Post Employment Benefits (OPEB) payable and net pension liability.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
General revenues	\$ 4,943,574	\$ 5,275,699	\$ 45,465	\$ 44,579
Fees, charges and commissions for service	692,675	696,367	651,267	732,483
Operating grants	244,715	213,745	58,681	59,976
Total revenues	5,880,964	6,185,811	755,413	837,038
Expenses	(5,027,389)	(4,910,988)	(2,063,088)	(2,159,819)
Transfers	(1,287,418)	(1,308,285)	1,287,418	1,308,285
Change in net position	\$ (433,843)	\$ (33,462)	\$ (20,257)	\$ (14,496)

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

As the Sheriff completed the year, its general fund reported a fund balance of \$7,254,628, a decrease from last year of \$299,720. This fund balance provides for operating reserves in periods of decreased revenue.

CAPITAL ASSETS

At the end of 2017, the Sheriff had invested \$1,865,232 in capital assets net of accumulated depreciation; \$806,456 in Governmental Activities and \$1,058,776 in Business-Type Activities. (See Table A-3.)

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$ -	\$ -	\$ 111,165	\$ 111,165
Building and building improvements	307,279	320,475	883,152	935,826
Automobiles	390,831	396,786	-	8,420
Equipment, furniture and fixtures	108,346	146,765	64,459	76,357
Total	\$ 806,456	\$ 864,026	\$ 1,058,776	\$ 1,131,768

**SABINE PARISH SHERIFF
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

LONG-TERM DEBT

The Sheriff's long-term liabilities consist of its OPEB obligations and net pension liability. The OPEB obligation increased by approximately \$232,379 due to the cost of post-employment benefits earned for the year exceeding the amount currently funded. The net pension liability increased by approximately \$977,988 primarily due to an increase in the pension liability of the Sheriff's retirement system as a whole.

Long-Term Debt at June 30, 2017 and 2016

	2017	2016
Net other postemployment benefit obligation (OPEB)	\$ 1,722,008	\$ 1,489,629
Capital lease obligation	178,346	208,776
Net pension liability	3,080,199	2,102,210
	\$ 4,980,553	\$ 3,800,615

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were made during the year ended June 30, 2017 for the General Fund. Actual revenues and other sources were substantially less than budgeted, approximately \$600,000. The variance was due to significantly lower tax receipts than expected. The actual expenditures and other uses were \$270,000 less than budgeted amount due to less spending on personnel and material and supplies.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sheriff is dependent on ad valorem and sales taxes for approximately 72% of its revenues to fund both the general fund operations as well as the Detention Center operations. The economy is not expected to generate any significant growth and these tax revenues are not expected to significantly increase. Budgeted expenditures for 2018 are expected to be consistent with 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 Sabine Parish Sheriff's Office, PO Box 1440, Many, LA 71449.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 2,054,904	\$ 110,641	\$ 2,165,545
Receivables	339,996	100,362	440,358
Investments	5,636,272	-	5,636,272
Prepaid expenses	32,142	17,137	49,279
Total current assets	<u>8,063,314</u>	<u>228,140</u>	<u>8,291,454</u>
<u>NONCURRENT ASSETS</u>			
Restricted cash	83,897	20,496	104,393
Capital assets, net	806,456	1,058,776	1,865,232
Total assets	<u>8,953,667</u>	<u>1,307,412</u>	<u>10,261,079</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflow amounts related to pension liability	<u>1,158,728</u>	<u>370,443</u>	<u>1,529,171</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Current portion of capital lease obligation	63,160	-	63,160
Accounts payable and accruals	209,242	86,750	295,992
Interfund balances	683,341	(683,341)	-
Total current liabilities	<u>955,743</u>	<u>(596,591)</u>	<u>359,152</u>
<u>NONCURRENT LIABILITIES</u>			
Capital lease obligation	178,346	-	178,346
Other post-employment benefits payable	1,282,806	439,202	1,722,008
Net pension liability	2,265,812	814,387	3,080,199
Total noncurrent liabilities	<u>3,726,964</u>	<u>1,253,589</u>	<u>4,980,553</u>
Total liabilities	<u>4,682,707</u>	<u>656,998</u>	<u>5,339,705</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflow amounts related to pension liability	<u>318,236</u>	<u>101,962</u>	<u>420,198</u>
<u>NET POSITION</u>			
Net investment in capital assets	564,950	1,058,776	1,623,726
Restricted	83,897	20,496	104,393
Unrestricted	4,462,605	(160,377)	4,302,228
Total net position	<u>\$ 5,111,452</u>	<u>\$ 918,895</u>	<u>\$ 6,030,347</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues					
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Public Safety	\$ 5,027,389	\$ 692,675	\$ 244,715	\$(4,089,999)	\$ -	\$(4,089,999)
Business-Type Activities						
Detention Center	2,063,088	651,267	58,681	-	(1,353,140)	(1,353,140)
Total Government	\$ 7,090,477	\$ 1,343,942	\$ 303,396	(4,089,999)	(1,353,140)	(5,443,139)
General revenues:						
Taxes				4,795,730	-	4,795,730
State Revenue Sharing				66,575	-	66,575
Interest				(64,608)	220	(64,388)
Grants and contributions not restricted				143,475	45,245	188,720
Miscellaneous				2,402	-	2,402
Transfers				(1,287,418)	1,287,418	-
Total general revenues and transfers				3,656,156	1,332,883	4,989,039
Change in net position				(433,843)	(20,257)	(454,100)
Net position - 6/30/2016				5,545,295	939,152	6,484,447
Net position - 6/30/2017				\$ 5,111,452	\$ 918,895	\$ 6,030,347

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2017

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,054,904
Cash restricted	83,897
Receivables	339,996
Investments	5,636,272
Prepaid expenditures	32,142
TOTAL ASSETS	<u>\$ 8,147,211</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 53,836
Accrued liabilities	155,406
Due to other funds	683,341
TOTAL LIABILITIES	<u>892,583</u>
<u>FUND BALANCE</u>	
Nonspendable	32,142
Restricted	83,897
Unassigned	7,138,589
TOTAL FUND BALANCE	<u>7,254,628</u>
TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 8,147,211</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

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

Total Fund Balance at June 30, 2017 - Governmental Funds		\$ 7,254,628
Cost of capital assets at June 30, 2017	\$ 2,800,461	
Less: accumulated depreciation as of June 30, 2017:	<u>(1,994,005)</u>	806,456
Capital lease obligation		(241,506)
Net post-employment benefits obligation recorded in accordance with GASB 45		(1,282,806)
Net pension obligation balances recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	1,158,728	
Net pension liability	(2,265,812)	
Deferred inflow of resources - related to net pension liability	<u>(318,236)</u>	<u>(1,425,320)</u>
Net Position at June 30, 2017		<u>\$ 5,111,452</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

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

	General Fund
<u>REVENUES</u>	
Taxes	\$ 4,795,730
State revenue sharing	66,575
Intergovernmental revenues	244,715
Fees, charges and commissions for services	692,675
Investment earnings	(64,608)
Other	30,041
Total Revenues	5,765,128
<u>EXPENSES</u>	
Public safety	
Personal services	3,720,159
Operating services	435,251
Supplies	356,731
Travel	36,390
Professional services	29,271
Capital outlay	219,833
Debt service	
Principle payments on capital lease obligation	134,042
Interest on capital lease obligation	12,525
Total Expenses	4,944,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	820,926
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers out	(1,287,418)
Capital leases	166,772
Total other financing sources (uses)	(1,120,646)
NET CHANGE IN FUND BALANCE	(299,720)
FUND BALANCE AT BEGINNING OF YEAR	7,554,348
FUND BALANCE AT END OF YEAR	\$ 7,254,628

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

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

Total Net Changes in Fund Balance - Governmental Funds		\$ (299,720)
Capital Assets:		
Capital outlay and other expenditures capitalized	192,393	
Depreciation expense for year ended June 30, 2017	<u>(249,963)</u>	(57,570)
Capital Lease:		
Capital lease proceeds		(166,772)
Principal payments on lease obligations		134,042
Net post employment benefits expense recorded in accordance with GASB 45		(174,991)
Change in Net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>131,168</u>
Change in Net Position - Governmental Activities		<u>\$ (433,843)</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Detention Center Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 110,641
Cash restricted	20,496
Receivables	100,362
Due from other funds	683,341
Prepaid expenses	17,137
Total current assets	931,977
 NONCURRENT ASSETS	
Capital assets, net	1,058,776
Total assets	1,990,753
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to pension liability	370,443
 <u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	86,750
Total current liabilities	86,750
 NONCURRENT LIABILITIES	
Other post employment benefits payable	439,202
Net pension liability	814,387
Total liabilities	1,340,339
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to pension liability	101,962
 <u>NET POSITION</u>	
Net investment in capital assets	1,058,776
Restricted	20,496
Unrestricted	(160,377)
Total net position	\$ 918,895

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S FUND
MANY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Detention Center Fund
<u>REVENUES</u>	
Charges for services	\$ 564,144
Commissary	28,395
Other	58,728
Total operating revenues	651,267
<u>EXPENSES</u>	
Salaries	934,681
Retirement	168,518
Payroll taxes	21,989
Employee benefits	233,812
Food	189,237
Insurance	77,721
Medical expense	50,739
Miscellaneous	11,076
Professional services	18,215
Repairs and maintenance	66,730
Supplies	109,047
Training	560
Telephone	8,910
Utilities	92,836
Depreciation	79,017
Total operating expenses	2,063,088
Operating income (loss)	(1,411,821)
Nonoperating revenues (expenses)	
Intergovernmental revenue	103,926
Interest revenue	220
Total nonoperating revenues (expenses)	104,146
Income (loss) before transfers	(1,307,675)
Transfers in	1,287,418
Change in net position	(20,257)
NET POSITION AT BEGINNING OF YEAR	939,152
NET POSITION AT END OF YEAR	\$ 918,895

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:	
Receipts from customers	\$ 621,124
Payments to suppliers and service providers	(1,024,743)
Payments to employees for salaries and benefits	(934,681)
Net cash used in operating activities	<u>(1,338,300)</u>
Cash flows from non-capital financing activities:	
Intergovernmental revenues	103,926
Transfers	1,038,041
Net cash provided by noncapital financing activities	<u>1,141,967</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(6,025)</u>
Cash flows from investing activities	
Interest income	<u>220</u>
Net change in cash and cash equivalents	(202,138)
Cash and cash equivalents, beginning of year	<u>333,275</u>
Cash and cash equivalents, end of year	<u>\$ 131,137</u>
Classified as:	
Current	\$ 110,641
Restricted	20,496
Total	<u>\$ 131,137</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$ (1,411,821)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	79,017
Increase in accounts receivable	(30,143)
Increase in prepaid expenses	(9,731)
Increase in deferred outflows related to net pension liability	(228,652)
Increase in accounts payable and accruals	18,148
Increase in other post employment benefits payable	57,388
Decrease in net pension liability	234,717
Increase in deferred inflows related to net pension liability	(47,223)
Net cash used in operating activities	<u>\$ (1,338,300)</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Sheriff's Fund</u>	<u>Tax Collector</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 90,632	\$ 363,616	\$ 454,248
Total Assets	<u>\$ 90,632</u>	<u>\$ 363,616</u>	<u>\$ 454,248</u>
LIABILITIES			
Due to others	\$ 90,632	\$ -	\$ 90,632
Due to taxing bodies and others	<u>-</u>	<u>363,616</u>	<u>363,616</u>
Total Liabilities	<u>\$ 90,632</u>	<u>\$ 363,616</u>	<u>\$ 454,248</u>

The accompanying notes are an integral part of these statements.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):

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

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND FINANCIAL STATEMENTS (FFS):

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

The Sheriff reports the following major governmental fund:

General Fund

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

The Sheriff reports the following proprietary fund type:

The Detention Center (an Enterprise Fund)

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

The Sheriff reports the following fiduciary types:

Agency Funds

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

B. REPORTING ENTITY

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. REPORTING ENTITY (continued)

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

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2017, was made available for public inspection and comments from taxpayers at the sheriff's office during June 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, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

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

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INTERFUND ACTIVITY

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

F. CASH AND CASH EQUIVALENTS

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

G. INVESTMENTS

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

H. CAPITAL ASSETS

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

I. COMPENSATED ABSENCES

Employees of the Sheriff that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave and sick leave do not carryover or accumulate from one fiscal year to the next, and there are no vesting privileges. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

J. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions. To handle such risk of loss, the Sheriff maintains commercial insurance policies, workers' compensation insurance, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 2017.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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.

L. RESTRICTED NET POSITION

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

M. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. INTERFUND TRANSACTIONS

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

O. SALES TAXES

The Sheriff collects a one-half percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used for salaries and benefits of deputies and acquiring, maintaining and operating of sheriff's vehicles and equipment. The tax, approved by voters on July 17, 2004, was effective from and after October 1, 2004.

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

P. PENSION PLAN

The Sabine Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 10. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

Q. ADOPTION OF NEW ACCOUNTING STANDARD

For the year ended June 30, 2017, the Sabine Parish Sheriff's Office adopted Government Accounting Standards Board (GASB) Statement No. 77 (GASB 77), *Tax Abatement Disclosures*. GASB 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of the Statement should be applied to all state and local governments subject to such tax abatement agreements. The provisions of GASB 77 are effective for reporting periods beginning after December 15, 2015.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which supersedes accounting standards that currently exist regarding these retiree benefits. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Sheriff's Office does not currently have a trust to offset this liability. The standard is effective for annual reporting periods beginning after June 15, 2017. The Sheriff's Office expects that this new standard will have a material negative effect on its net position and a material increase to the post-employment benefit liability for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

2. LEVIED TAXES

The Sheriff levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2017:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Law Enforcement District	13.06	13.06	Statutory

3. CHANGES IN FIDUCIARY AMOUNTS

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

	<u>Balance at Beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at End of Year</u>
Agency funds:				
Tax Collector	\$ 201,298	\$ 17,055,821	\$ 16,893,503	\$ 363,616
Sheriff's fund	81,746	1,231,997	1,223,111	90,632
Total	<u>\$ 283,044</u>	<u>\$ 18,287,818</u>	<u>\$ 18,116,614</u>	<u>\$ 454,248</u>

4. RECEIVABLES

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes	\$ 227,160	\$ -	\$ 227,160
Fees, charges, and commissions for service	93,844	100,362	194,206
Accrued interest on investments	18,317	-	18,317
Other	675	-	675
Total	<u>\$ 339,996</u>	<u>\$ 100,362</u>	<u>\$ 440,358</u>

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

5. RESTRICTED ASSETS

Restricted cash held in the general fund of \$83,897 and in the Detention Center fund of \$20,496 represents funds receive from grants, narcotic seizures, litigation settlements, and inmate transactions.

6. CAPITAL ASSETS

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

Governmental activities:

	<u>Building</u>	<u>Autos and Equipment</u>	<u>Total</u>
Cost of Capital Assets as of June 30, 2016	\$ 386,211	\$ 2,248,959	\$ 2,635,167
Additions	-	192,393	192,393
Deletions	-	27,099	27,099
Cost of Capital Assets as of June 30, 2017	<u>386,211</u>	<u>2,414,250</u>	<u>2,800,461</u>
Accumulated Depreciation as of June 30, 2016	(65,736)	(1,705,405)	(1,771,141)
Additions	(13,196)	(236,767)	(249,963)
Deletions	-	27,099	27,099
Accumulated Depreciation as of June 30, 2017	<u>(78,932)</u>	<u>(1,915,073)</u>	<u>(1,994,005)</u>
Capital Assets, net of accumulated depreciation as of June 30, 2017	<u>\$ 307,279</u>	<u>\$ 499,177</u>	<u>\$ 806,456</u>

For the year ended June 30, 2017 depreciation expense for governmental activities was \$249,963.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

6. CAPITAL ASSETS (continued)

Business-Type Activities:

	<u>Land</u>	<u>Building</u>	<u>Autos and Equipment</u>	<u>Total</u>
Cost of Capital Assets as of June 30, 2016	\$ 111,165	\$ 2,104,888	\$ 327,634	\$ 2,543,687
Additions	-	-	6,025	6,025
Deletions	-	-	-	-
Cost of Capital Assets as of June 30, 2017	<u>111,165</u>	<u>2,104,888</u>	<u>333,659</u>	<u>2,549,712</u>
Accumulated Depreciation as of June 30, 2016	-	(1,169,062)	(242,857)	(1,411,919)
Additions	-	<u>(52,675)</u>	<u>(26,342)</u>	<u>(79,017)</u>
Accumulated Depreciation as of June 30, 2017	<u>-</u>	<u>(1,221,737)</u>	<u>(269,199)</u>	<u>(1,490,936)</u>
Capital Assets, net of accumulated depreciation as of June 30, 2017	<u>\$ 111,165</u>	<u>\$ 883,151</u>	<u>\$ 64,460</u>	<u>\$ 1,058,776</u>

For the year ended June 30, 2017, depreciation expense for business-type activities was \$79,017.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

7. CASH AND CASH EQUIVALENTS

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

Governmental Funds:	
Petty Cash	\$ 500
Interest bearing and non-interest bearing demand deposits	1,883,751
Money market accounts	<u>254,550</u>
Total governmental funds	<u>2,138,801</u>
Proprietary Funds:	
Interest bearing accounts	<u>131,137</u>
Total proprietary funds	<u>131,137</u>
Fiduciary Funds:	
Interest-bearing demand deposits	<u>454,248</u>
Total fiduciary funds	<u>454,248</u>
Total	<u>\$ 2,724,186</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.

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 deposit policy for custodial credit risk; however, the state law as described in the preceding paragraph is designed to minimize this risk. At June 30, 2017, the government's bank balance of demand deposit accounts was \$2,750,268 and was not exposed to custodial credit risk. Money market funds of \$254,550 are held with an investment management company and covered by Security Investor Protection Corporation (SIPC) insurance of \$500,000. Holdings with investment companies are not required to be collateralized.

8. INVESTMENTS

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

As of June 30, 2017, the Sheriff's investment balances were as follows:

Federal Agency Obligations	\$ 5,325,841
GNMA Re-investment Trust	89,727
Long-Term Certificates of Deposit	<u>220,704</u>
Total	<u>\$ 5,636,272</u>

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

8. INVESTMENTS (continued)

Interest Rate Risk

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

As of June 30, 2017 the Sheriff had the following investment types and maturities for investments subject to interest rate risk:

	Fair Value	Remaining Maturity				
		Less than one year	1 - 5	6 - 10	11 - 15	16 - 20
Federal Agency Obligations	\$ 5,325,841	\$ -	\$ 652,237	\$ 2,593,177	\$ 2,080,427	\$ -
GNMA Re-investment Trust	89,727	89,727	-	-	-	-
Certificates of Deposit	220,704	-	96,890	100,008	23,806	-
	<u>\$ 5,636,272</u>	<u>\$ 89,727</u>	<u>\$ 749,127</u>	<u>\$ 2,693,185</u>	<u>\$ 2,104,233</u>	<u>\$ -</u>

Credit Risk

As of June 30, 2017, the Sheriff's investments in Federal Agency Obligations were rated AAA by Moody's Investors Service. The corporate obligations are rated A3 by Moody's Investors Service. The certificates of deposit and the GNMA re-investment trusts are unrated.

Fair Value

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

The Sheriff has the following recurring fair value measurements as of June 30, 2017:

- Federal agency obligation securities are valued using a matrix pricing technique based on the securities' relationship to benchmark quoted prices (Level 2 inputs).
- Certificates of deposit are time deposits with a bank. They bear a specific maturity in excess of 90 days. Valuation is determined using a market value pricing model (Level 2 Inputs).

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

8. INVESTMENTS (continued)

Fair Value (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal agency obligations	\$ -	\$ 5,325,841	\$ -	\$ 5,325,841
Certificates of deposit	-	220,704	-	220,704
 Total investments excluding investments valued at NAV	 \$ -	 \$ 5,546,545	 \$ -	 5,546,545
 GNMA Re-investment (a)				 <u>89,727</u>
 Total investments				 <u>\$ 5,636,272</u>

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

Concentration of Credit Risk

The Sheriff had investments in three organizations for which the total amount invested represented five percent or more of the Sheriff's investments, listed as follows:

<u>Agency</u>	<u>Invested at June 30, 2017</u>	<u>Percent of Total</u>
Federal Home Loan Bank	\$ 2,375,866	45%
Federal Home Loan Mortgage Corp.	\$ 1,800,014	34%
Federal National Mortgage Assoc.	\$ 1,149,961	21%

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Sheriff has custodial credit risk exposure for the investment balance because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. Investments are held with an investment management company which is insured by SIPC for up to \$500,000.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

9. CHANGES IN LONG-TERM DEBT

The following is a summary of long term debt transactions of the Sheriff for the year ended June 30, 2017:

Governmental-type Activities:

	OPEB	Capital Lease Obligations	Net Pension Liability
Balance at July 1, 2016	\$ 1,107,815	\$ 208,776	\$ 1,522,540
Increases	174,991	166,772	743,272
Pay downs and other decreases	-	(134,042)	-
Balance at June 30, 2017	<u>\$ 1,282,806</u>	<u>\$ 241,506</u>	<u>\$ 2,265,812</u>

Business-type Activities:

	OPEB	Capital Lease Obligations	Net Pension Liability
Balance at July 1, 2016	\$ 381,814	\$ -	\$ 579,670
Increases	57,388	-	234,717
Pay downs and other decreases	-	-	-
Balance at June 30, 2017	<u>\$ 439,202</u>	<u>\$ -</u>	<u>\$ 814,387</u>

10. DEFINED BENEFIT PENSION PLAN

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

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the 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

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

Cost of Living Adjustments:

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

10. DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy

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

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

The Sheriff's contributions to the System, for the years ending June 30, 2017, 2016, and 2015, were \$435,733, \$455,733, and \$447,474 respectively. The Contribution rates in effect for the year ended June 30, 2017, for the Sheriff and employees were 13.25% and 10.25%, 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 \$3,080,199 for its proportionate share of the net pension liability. 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 the Sheriff's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2016, the Sheriff's proportion was 0.485308%, which was an increase of 0.013698% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$453,705 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

10. DEFINED BENEFIT PENSION PLAN (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience with regard to economic or demographic factors	\$ -	\$ (323,079)
Changes of assumptions about future economic or demographic factors	251,643	-
Net difference between projected and actual earnings on pension plan investments	771,437	-
Changes in proportionate and differences between Employer contributions and proportionate share of contributions	70,163	(97,119)
Employer contributions subsequent to the measurement date	435,928	-
Total deferred outflows and deferred inflows	\$ 1,529,171	\$ (420,198)

The Sheriff reported a total of \$435,928 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, 2018.

At June 30, 2017, the net pension liability, deferred outflows and deferred inflows are reflected on the Statement of Net Position as follows:

	Net Pension Liability	Deferred Outflows	Deferred Inflows
Governmental Activities	\$ 2,265,812	\$ 1,158,728	\$ 318,236
Business-Type Activities	814,387	370,443	101,962
Total	\$ 3,080,199	\$ 1,529,171	\$ 420,198

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

Year	Total
2018	\$ 66,430
2019	66,430
2020	291,901
2021	215,901
2022	16,571
2023	16,580
	\$ 673,045

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

10. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of June 30, 2016 are 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	7.6%, net of investment expense
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 System 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.
Changes in Valuation Methods and Assumptions	The valuation interest rate lowered from 7.7% to 7.6% for the year ended June 30, 2016. Additionally, the expected remaining service lives was raised from 6 years to 7 years for the year ended June 30, 2016.

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

10. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions (continued)

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

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

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

The following table presents the Sheriff's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Fund as well as what the Sheriff's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Fund:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.5%	7.5%	8.5%
Sheriff's Share of NPL	\$ 5,225,871	\$ 3,080,199	\$ 1,309,201

Payables to the Pension Plan

The Sheriff recorded accrued liabilities to the Retirement System for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to the retirement system at June 30, 2017 is \$12,718.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description – The Sheriff’s medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays for the medical/dental and life insurance coverage for the retiree only (not dependents). Employees are eligible for such coverage if they meet the following retirement eligibility provisions: 30 years of service at any age; or, age 55 and 20 years of service; or, age 65 and 16 years of service.

Life insurance coverage is continued to retirees, for which the employer pays 100% of the cost. However, the rates are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy – Until 2009, the Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Sheriff’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Sheriff’s portion of health care and life insurance funding cost for retired employees totaled \$143,237 and \$132,627, respectively.

Effective July 1, 2009, the Sheriff implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – Sabine Parish Sheriff’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 144,294	\$ 138,744
30-year UAL amortization amount	257,883	247,965
Annual required contribution (ARC)	\$ 402,177	\$ 386,709

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Net Post-employment Benefit Obligation (Asset) – The table below shows Sabine Parish Sheriff's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30, 2016 and 2015:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 1,489,629	\$ 1,257,977
Annual required contribution	402,177	386,709
Interest on Net OPEB Obligation	59,585	50,319
ARC Adjustment	<u>(86,145)</u>	<u>(72,749)</u>
OPEB Cost	375,617	364,279
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(143,237)</u>	<u>(132,627)</u>
Change in Net OPEB Obligation	<u>232,380</u>	<u>231,652</u>
Ending Net OPEB Obligation	<u>\$ 1,722,008</u>	<u>\$ 1,489,629</u>

The following table shows Sabine Parish Sheriff's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2017	\$ 375,617	38.13%	\$ 1,722,008
June 30, 2016	\$ 364,279	36.41%	\$ 1,489,629

Funded Status and Funding Progress – In 2017 and 2016, Sabine Parish Sheriff made no contributions to an OPEB Trust. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$4,266,838 which is defined as that portion, as determined by a particular actuarial cost method (Sabine Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 4,266,838	\$ 4,102,729
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 4,266,838</u>	<u>\$ 4,102,729</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 3,582,719	\$ 3,439,698
UAAL as a percentage of covered payroll	119.09%	119.27%

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Sabine Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Sabine Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Sabine Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%.

Post employment Benefit Plan Eligibility Requirements – We have assumed that employees retire four years after the time of earliest retirement eligibility as described in the section above entitled "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

12. LEASES

The Sheriff has entered into numerous lease arrangements for vehicles with payments terms generally extending 36 months and monthly payments ranging from approximately \$800 to \$3,000 per month. The following is a schedule of future minimum lease payments including interest of the net future minimum lease payments as of June 30, 2017:

Year Ending June 30	
2018	\$ 68,160
2019	107,038
2020	72,527
2021	<u>4,019</u>
Total minimum lease payments	251,744
Less amount representing interest	<u>(10,238)</u>
Net lease obligation	<u>\$ 241,506</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. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

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

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

14. DUE TO/FROM OTHER FUNDS

Individual balances due to/from other funds at June 30, 2017 are as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Major funds:		
General Fund - Governmental	\$ 683,341	\$ -
Detention Center - Proprietary	-	683,341
	<u>\$ 683,341</u>	<u>\$ 683,341</u>

15. EX-OFFICIO TAX COLLECTOR

The amount of cash on hand and available for settlements as of June 30, 2017 was \$363,616. Of that cash on hand, \$336,291 is related to taxes paid under protest.

As of June 30, 2017, \$64,899 of the taxes assessed in Sabine Parish from the 2016 tax roll was not collected. The uncollected taxes pertaining to immoveable property are pending resolution from the Louisiana Tax Commission. The uncollected taxes pertaining to movable properties are for businesses, oil and gas or pipelines. These will have tax liens placed on them. As of June 30, 2017, \$4,898 of the taxes assessed were refunded.

(continued)

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

16. EX-OFFICIO TAX COLLECTOR (continued)

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

Entity	Mills/Rate	Assessed Taxes	Uncollected Taxes
Health Unit	1.04	179,418	690
Parish Wide Assessment	6.43	1,109,276	4,266
Parish Wide General Alimony	4.78	824,627	3,172
Parish Wide Humane Society	1.67	288,102	1,108
Parish Wide Law Enforcement	13.57	2,341,042	9,004
Parish Wide Library	5.25	905,688	3,483
Parish Wide School Construction	5.35	922,965	3,550
Parish Wide School Maintenance	9.02	1,556,093	5,985
Road District #18 B&M	10.9	156,599	679
Road District #16 B&M	10.02	107,968	69
Road District #9 B&M	10.25	214,184	174
Road District #17 B&M	9.97	337,644	1,073
Road District #15 B&M	12.96	216,629	2,762
Road District #1 B&M	18.41	456,684	571
Road District #4 B&M	13.87	295,804	1,170
Road District #19 B&M	16.35	166,765	1,064
Road District #20 B&M	22.16	76,343	60
Road District #11 B&M	25.64	398,902	1,892
Forestry Tax	0.08	34,058	6
South Toledo Waterworks	0.9	5,053	4
PSC Louisiana Tax Commission Fee	0.4	7,995	-
BS Louisiana Tax Commission Fee	0.15	483	-
South Sabine School District B&E	7.82	163,891	496
South Sabine School District Bond	9.26	194,072	587
Negreet Bond-WLM	18	59	-
Negreet School District B&E	6.63	172,475	149
Negreet School District Bond	12.83	333,762	288
Many Bond-WLM	29.45	1,768	-
Many School District B&E	7.23	245,156	999
Many School District Bond	29.68	1,006,395	4,102
Ebarb School District B&E	16.09	64,344	1,782
Ebarb School District Bond	14.62	58,466	1,619
Converse School District B&E	12.9	527,743	1,339
Converse School District Bond	5.78	236,461	600
Pleasant Hill School District B&E	11.82	289,156	1,029
Pleasant Hill School District Bond	2.58	63,115	225
Zwolle Bond-WLM	14.75	695	-
Zwolle School District B&E	11.17	241,649	1,540
Zwolle School District Bond	11.6	250,951	1,599
Sabine Parish Fire Protection District 1 Wards 1&2	10.53	261,825	725
Sabine Parish Fire Protection District 1 Wards 1&2	8.5	211,363	585
Sabine Parish Fire Protection District 1 Wards 3 & 4	4.81	263,361	599

**SABINE PARISH SHERIFF
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

16. EX-OFFICIO TAX COLLECTOR (continued)

Entity	Mills/Rate	Assessed Taxes	Uncollected Taxes
North Sabine Fire Protection District 1	5.39	497,319	2,534
North Sabine Fire Protection District 2	7	645,871	3,290
Total		\$ 16,332,220	\$ 64,867

17. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. There was \$171,624 in ad valorem taxes paid under protest at June 30, 2017.

18. TAX ABATEMENT

The Sheriff is subject to certain tax abatement agreements with individuals and businesses through one program – the Industrial Tax Exemption Program (“ITEP”). ITEP is authorized under Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73. The Louisiana State Board of Commerce and Industry (the “State Board”), a state entity governed by board members representing major economic groups and gubernatorial appointees, with the approval of the governor, may enter into contracts for the exemption from ad valorem taxes of a new manufacturing establishment or an addition to an existing manufacturing establishment. Companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. Ad valorem taxes applicable to the Sheriff that were abated under ITEP totaled approximately \$49,000, for the fiscal year ended June 30, 2017.

REQUIRED
SUPPLEMENTAL INFORMATION

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Taxes	\$ 5,254,500	\$ 5,254,500	\$ 4,795,730
State revenue sharing	63,962	63,962	66,575
Intergovernmental revenue	204,459	204,459	244,715
Fees, charges, and commissions for services:	619,250	619,250	692,675
Interest and investment income	89,925	89,925	(64,608)
Other	136,000	136,000	30,041
Total Revenues	<u>6,368,096</u>	<u>6,368,096</u>	<u>5,765,128</u>
<u>EXPENDITURES</u>			
General Government			
Personal services and related benefits	3,856,525	3,856,525	3,720,159
Operating services	420,320	420,320	435,251
Material and supplies	516,133	516,133	356,731
Travel and other charges	28,000	28,000	36,390
Professional services	32,500	32,500	29,271
Capital outlay	57,613	57,613	219,833
Debt Service			
Principle payments on capital lease obligation	135,178	135,178	134,042
Interest on capital lease obligation	11,155	11,155	12,525
Total Expenditures	<u>5,057,424</u>	<u>5,057,424</u>	<u>4,944,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,310,672	1,310,672	820,926
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(1,279,000)	(1,279,000)	(1,287,418)
Capital leases	-	-	166,772
Total Other Financing Sources (Uses)	<u>(1,279,000)</u>	<u>(1,279,000)</u>	<u>(1,120,646)</u>
NET CHANGE IN FUND BALANCE	31,672	31,672	(299,720)
FUND BALANCE AT BEGINNING OF YEAR	<u>7,615,877</u>	<u>7,615,877</u>	<u>7,554,348</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,647,549</u>	<u>\$ 7,647,549</u>	<u>\$ 7,254,628</u>

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>(a)</u> <u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>(b)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>(b-a)</u> <u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>(a/b)</u> <u>Funded</u> <u>Ratio</u>	<u>(c)</u> <u>Covered</u> <u>Payroll</u>	<u>((b-a)/c)</u> <u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u>
6/30/2014	7/1/2012	-	\$ 2,964,993	\$ 2,964,993	0.0%	\$ 3,261,354	90.91%
6/30/2015	7/1/2012	-	\$ 3,083,593	\$ 3,083,593	0.0%	\$ 3,161,021	97.55%
6/30/2016	7/1/2015	-	\$ 4,102,729	\$ 4,102,729	0.0%	\$ 3,439,638	119.28%
6/30/2017	7/1/2015	-	\$ 4,266,838	\$ 4,266,838	0.0%	\$ 3,582,719	119.09%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u> <u>Ending</u>	<u>(a)</u> <u>Annual</u> <u>OPEB Cost</u>	<u>(b)</u> <u>Annual</u> <u>Contributed</u>	<u>(b/a)</u> <u>Percentage of</u> <u>Annual OPEB</u> <u>Costs</u> <u>Contributed</u>	<u>(a-b)</u> <u>Increase</u> <u>(Decrease)</u> <u>to Net</u> <u>OPEB</u> <u>Obligation</u>	<u>(PY + (a-b))</u> <u>Net OPEB</u> <u>Obligation</u>
6/30/2014	\$ 299,970	\$ 77,068	25.69%	\$ 222,902	\$ 1,032,638
6/30/2015	\$ 308,572	\$ 83,233	26.97%	\$ 225,339	\$ 1,257,977
6/30/2016	\$ 364,279	\$ 132,627	36.41%	\$ 231,652	\$ 1,489,629
6/30/2017	\$ 375,617	\$ 143,237	38.13%	\$ 232,380	\$ 1,722,009

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2017 (*)

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

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

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

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

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

<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2017	\$ 435,928	\$ 435,928	\$ -	\$ 3,288,052	13.26%
2016	455,733	455,733	-	3,314,415	13.75%
2015	445,576	445,576	-	3,126,852	14.25%

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

For reference only:

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

² *Actual employer contributions remitted to Retirement Systems*

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF Sabine

AFFIDAVIT

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

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

The following information is true and correct:

\$ 363,616 is the amount of cash on hand in the tax collector account on June 30, 2017 (Date);

He further deposed and said:

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

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

Ronald G. Richardson
Signature
Sheriff of Sabine
(Parish)

SWORN to and subscribed before me, Notary, this 31 day of Dec, 2017, in my office in the Monroe, Louisiana.
(City/Town)

Marcella A. Tranel (Signature)
Marcella A. Tranel (Print), # 63007
Notary Public
Exp. 12/1/2018 (Commission)

SABINE PARISH SHERIFF'S OFFICE
MANY, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE SABINE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2017

Sabine Parish Sheriff, Ronny Richardson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 145,762
Benefits - insurance	9,863
Benefits - retirement	20,443
Travel expense allowance	<u>14,576</u>
	<u>\$ 190,644</u>

OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS



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

Honorable Ronald G. Richardson
Sabine Parish Sheriff
Many, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining information of the Sabine Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sabine Parish Sheriff's basic financial statements, and have issued our report thereon dated December 31, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies identified as 2017-001 and 2017-002.



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Compliance and Other matters

As a part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2017-003.

Sabine Parish Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 31, 2017

SABINE PARISH SHERIFF
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Sabine Parish Sheriff's Office as of and for the year June 30, 2017.
2. Two significant deficiencies were reported relating to the audit of the financial statements.
3. One instances of noncompliance material to the financial statements of the Sabine Parish Sheriff's Office was identified during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 **Segregation of Duties and Internal Controls**

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

Condition: We observed the following conditions:

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

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

Cause: Limited staff makes it difficult to completely segregate incompatible duties. Recent turnover of key personnel makes it difficult to transfer accounting knowledge and train new personnel.

SABINE PARISH SHERIFF
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

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

Recommendation: The Sheriff should enhance the documentation evidencing the review of transactions initiated by the Chief Civil Deputy. In addition, a formal procedure of reviewing and approving the vendor listings by the Civil Deputy and the Sheriff, respectively, should be implemented. This should be done at least annually. The process of reviewing should be evidenced by initials or signatures on the documents being reviewed.

Management's Response and Planned Corrective Action:

The Sheriff will implement the above recommendations. This resolution will be implemented by March 31, 2017.

2017-002 **Agency Fund Reconciliation**

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

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

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

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

Recommendation: We recommend that the Sheriff initiate/improve the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

The Sheriff will implement the above controls. This resolution will be implemented by March 31, 2018.

SABINE PARISH SHERIFF
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

2017-003

Louisiana Budget Law (Repeat)

Criteria:

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

Condition:

The Sheriff was in violation of the revenue portion of the statute noting actual revenues were less than the final budgeted revenues by more than 5%.

Effect:

The Sheriff is in violation of the State of Louisiana statute.

Cause:

Tax collections were less than anticipated.

Recommendation:

The Sheriff should analyze budget to actual comparisons regularly and amend the budget as necessary.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. This resolution will be implemented immediately.

SABINE PARISH SHERIFF
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016

FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001 **Segregation of Duties and Internal Controls**

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

Condition: We observed the following conditions:

- Purchase requisitions and purchase orders may be prepared by the Civil Deputy. In addition, the Civil Deputy approves invoices for payment as well as has the authority to sign checks.
- As a mitigating control, a list of vendors, to which all disbursements are to be paid to, is generated for the Sheriff's review and approval. There are no documented vendor lists with the Sheriff's initials evidencing his review and approval of the vendor list.
- Bank reconciliations, which are prepared by various staff, are reviewed by the Civil Deputy. There are no initials or signatures evidencing her review of the bank reconciliations.

Current Status: *Some improvement noted. See finding 2017-001.*

2016-002 **Agency Fund Reconciliation**

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

Condition: These depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed sheriff's sales. The cash balance in the Sheriff's Fund was \$81,111 and the subsidiary records total \$55,767.

Current Status: *Some improvement. See finding 2017-002.*

SABINE PARISH SHERIFF'S OFFICE
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2017



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TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Observations and Associated Findings	2 - 14
Schedule B: Management's Response and Corrective Action Plan	15 - 18



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A, which were agreed to by Sabine Parish Sheriff's Office (Sheriff's Office) and the Louisiana Legislative Auditor (LLA) 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 Office's management is responsible for those C/C areas identified in the SAUPs.

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2017

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues.

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.

No exceptions noted.

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

The written policy does not specifically address documentation required to be maintained for all bids and price quotes evidencing compliance with Louisiana Public Bid Law.

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

No exceptions noted.

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

No exceptions noted.

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

The policy does not specifically address reviewing and approving time and attendance records, including leave and overtime worked.

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

The policies do not specify (4) the approval process, or (5) the monitoring process.

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

No exceptions noted.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The policy does not specifically address the criteria listed in this procedure.

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

Not applicable.

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.

For purposes of this procedure, we considered the managing board meetings to be those between the Sheriff and his Civil Deputy. No charter or legislation dictates the frequency of those meetings; therefore, the benchmark applied for purposes of this comparison was quarterly. We were informed that the meetings occur on an as needed basis, but they are not documented.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those 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.

We were informed that budget-to-actual comparisons are discussed as needed, but there is no documentation evidencing the meetings other than the actual budget and amended budget.

- 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.

There were no minutes so this procedure was not performed.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of fifteen (15) bank accounts. A signed representation by management was obtained on the completeness of the listing provided.

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

From the listing provided, P&N selected five (5) accounts and obtained the bank reconciliations for each of the twelve (12) months ending June 30, 2017, resulting in sixty (60) bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

No exceptions noted.

- 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

Of the sixty (60) bank reconciliations obtained, twenty-seven (27) did not have a reviewers initials or any other documentation evidencing the review. It should be noted that for the accounts selected all of the bank reconciliations beginning in January 2017 contained evidence of review.

- 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.

Of the sixty (60) bank accounts selected, thirty-nine (39) bank reconciliations had reconciling items that have been outstanding for more than six (6) months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of cash collection locations was provided and included a total of six cash collection locations. A signed representation by management was obtained on the completeness of the listing provided.

**SABINE PARISH SHERIFF'S OFFICE
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

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). **For each cash collection location selected:**

From the listing provided, five (5) locations were selected and the procedures performed as noted below.

- 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, (2.1) not responsible for depositing the cash in the bank, (2.2) recording the related transaction, or (2.3) 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.

Of the five (5) collection locations selected and eleven (11) people responsible for collections at those locations, the following exceptions pertaining to procedure 6a) above were as follows:

# Collection Locations with <u>Exceptions</u>	# of People Responsible for <u>Collection Cash</u>	Criteria Not Met (see reference in 6a above)				
		<u>6a)1</u>	<u>6a)2.1</u>	<u>6a)2.2</u>	<u>6a)2.3</u>	<u>6a)3</u>
4	10	0	2	6	0	8

- 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.

No exceptions noted.

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

Using the collection data, the highest collection week during the year ending June 30, 2017 for each respective collection location was selected and the procedures performed as noted below.

1. 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.

**SABINE PARISH SHERIFF'S OFFICE
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

Of the five (5) collection locations and thirty-four (34) deposits selected, the results of procedures 6.c)1. are as follows:

<i>Cash Collection Location</i>	<i>Week of Deposit</i>	<i>Deposits subject to testing</i>	<i>Deposits not made within 1 day of receipt</i>	<i>Number of days after receipt</i>
<i>Central Office-General</i>	<i>01/12/2017</i>	<i>15</i>	<i>6</i>	<i>3-14</i>
<i>Central Office-Tax</i>	<i>12/27/2016</i>	<i>1</i>	<i>1</i>	<i>3*</i>
<i>Central Office-Tax</i>	<i>12/27/2016</i>	<i>1</i>	<i>1</i>	<i>5**</i>

** The delay was the result of holiday interruption.*

*** This was a \$6.00 receipt for fees.*

2. 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.

No exceptions noted.

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 of receipt number sequences, etc.) by a person who is not responsible for collections.

The policy does not specifically define which controls and procedures are implemented for the purpose of determining the completeness of 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.

The listing of general ledger activity for all disbursements during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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:

P&N randomly selected 25 disbursements and performed the procedures below.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- 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.

The Sheriff's policies and procedures do not require the use of a requisition/purchase order system.

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

The Sheriff's policies and procedures do not require the use of a requisition/purchase order system.

- c) Payments for purchases were not processed without 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.

The Sheriff's policies and procedures do not require the use of a requisition/purchase order system. 12 of the 25 disbursements in the selection were supported by an approved invoice. The remaining 13 disbursements either related to civil processes or tax distributions.

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 25 disbursements selected in procedure 9 were from 3 bank accounts. For all 3 accounts, the person responsible for processing payments was not prohibited from adding vendors.

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.

The 25 disbursements selected in procedure 9 were from 3 bank accounts. For all 3 accounts, the person responsible signatory authority or who makes the final authorization for disbursements is not prohibited from initiating or recording purchases.

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

The 25 disbursements selected in procedure nine (9) were from three (3) bank accounts. Preprinted check stock is used for all three (3) accounts. During normal business hours, the check stock is not kept in a secure and locked location and is open to personnel without signature authority. After hours, the office is locked. As such, the check stock is kept in a secure and locked location.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

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.

The 25 disbursements selected in procedure nine (9) were from three (3) bank accounts. For all three (3) accounts, the signature stamp is not maintained under the signer's control. For all 3 accounts, checks that have been signed are maintained under the control of the authorized signer or authorized user.

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.

A listing of cards was provided and included a total of sixty-three (63) cards. A signed representation by management was obtained on the completeness of the listing provided.

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. 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 perform the procedures below.

Ten (10) credit cards were selected and the procedures noted below performed.

- 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.

Of the ten (10) credit card statements selected, one credit card statement was reviewed and approved by the authorized card holder.

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

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the ten (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:

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

See results below.

**SABINE PARISH SHERIFF'S OFFICE
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

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

See results below.

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

See results below.

- 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.

See results below.

- 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.

See results below.

Of the 10 card statements selected, the results of procedure 16 are as follows:

Card Type	Statement Month	Number of Transactions	Criteria Not Met				
			16.a)1	16.a)2	16.a)3	16.b)	16.c)
Wal-Mart	08/2016	7	0	7	n/a	0	7*
Wal-Mart	10/2016	3	0	3	n/a	0	3*
Wex Fleet	07/2016	6	6	6	n/a	0	6*
Wex Fleet	09/2016	47	47	47	n/a	0	47*
Wex Fleet	11/2016	19	19	19	n/a	0	19*
Wex Fleet	09/2016	8	8	8	n/a	0	8*
Wex Fleet	05/2017	15	15	15	n/a	0	15*
Wex Fleet	07/2016	7	7	7	n/a	0	7*
Wex Fleet	05/2017	28	28	28	n/a	0	28*
Wex Fleet	04/2017	17	17	17	n/a	0	17*
Total		157	147	157	n/a	0	157*

* A comparison to the requirements of Article 7, Section 14 was not performed, because the business purpose was not documented.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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.

A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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.

No exceptions noted.

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.

No exceptions noted.

- b) Report whether each expense is supported by:
1. An original itemized receipt that identifies precisely what was purchased.
 2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 3. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Of the three (3) largest travel expenses selected one (1) was not supported by an original itemized receipt and two (2) were not supported by other documentation as required by written policy.

- 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.

No exceptions noted.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

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

No exceptions noted.

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.

A listing of general ledger activity for all in effect during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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.

Of the five contracts selected for testing, two vendors were not operating under a formal/written contract.

- 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 (bid law) and:

1. 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)

No exceptions noted.

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

Of the three (3) contracts not bid law applicable, one (1) did not solicit quotes as a best practice.

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

Not applicable.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

- 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.

Of the five (5) contracts selected, two (2) did not have written contracts, and this procedure was not performed for those contracts.

- 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 (5) employees/officials, obtain their personnel files, and:

A listing of employees was provided. A signed representation by management was obtained on the completeness of the listing provided. A sample of five employees was selected and subjected the procedures below.

- 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.

No exceptions noted.

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 twenty-five (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.)

No exceptions noted.

SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

For one (1) of the twenty-five (25) employees tested, there was no written documentation evidencing the supervisor's approval of the employees' attendance and leave.

- 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.

No exceptions noted.

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.

Of the two (2) termination payments selected, one (1) did not have documentation evidencing approval from 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.

Of the five (5) employees selected, two (2) did not have documentation evidencing that the 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.

No exceptions noted.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

Debt Service

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

Not applicable.

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.

Not applicable.

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.

No exceptions noted.

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 notice was posted on the premises, but was not posted on the website.

33. 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.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

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

Written Policies and Procedures

The Sheriff plans to develop/write new or amended policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

Board (or Finance Committee, if applicable)

By March 31, 2018, the Sheriff will implement a structured process for meeting with senior management and reviewing budget to actual results quarterly, beginning after the second quarter of each year, or sooner if considered necessary by the Sheriff, Chief Civil Deputy or Chief Criminal Deputy, and document the meetings held.

Bank Reconciliations

All reconciling items were outstanding checks. Long outstanding reconciling items will be researched and documented.

Collections

6.a) As to the Sheriff Fund and Tax Escrow Fund, every employee in the business office has other, **primary** duties besides revenue collection, so all take receipts over the counter as they are available to do so. Neither the office layout nor job duties can practically support separate cash drawers. Revenue receipts from taxes and fines are recorded and daily deposits must balance to daily transaction ledgers. Since deposits are made daily and must balance to transaction ledgers and tax or fine payers will know if their payments are not credited, there is very little, if any, possibility of kiting or outright theft of funds.

General Fund receipts consist primarily of checks made payable to the Sheriff or department, which could not be negotiated by any individual. Small amounts of cash can be received and deposited, but not to such an extent that the risk of loss would be material. See 6.c), below.

6.c) 1. There is no policy requirement governing deposit frequency. Tax and Escrow receipts are deposited the following business day. General Fund deposits are made as necessary, considering the amount of funds and risk of potential theft, and are held in a locked office until deposited.

The general fund had **one** deposit on 01/12/17, with fifteen source components. The deposit totaled \$33,935 and included \$30.00 in cash, of which **only \$15.00** could be positively identified, via receipt, as being held more than one day. Four checks of \$250 each, payable to the Sheriff's Department (**thus non-negotiable by any third party**), could be determined as having been held more than one day. This

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

composes the auditors' total of six "deposits" held more than one day, totaling \$1,015, only 3.0% of the deposit, and only \$15.00 in cash.

As to the Tax Escrow Fund, December 27, 2016 was the Tuesday after Christmas. Since Christmas Day was on Sunday, the office was closed from December 23 to December 26 in accordance with the personnel policy (if a holiday (Christmas Eve) falls on Saturday, then Friday is taken off; if a holiday (Christmas Day) falls on Sunday, then Monday is taken off). Thus, the receipts from Thursday, December 22, were deposited on Tuesday, December 27, *which was the next business day*.

As noted in the report, the second deposit made on December 27 was *one six-dollar fee*. If cash, it would have been held, locked up, with the other deposit.

7. The policy will be revised as appropriate by March 31, 2018.

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

10. The only employees who can add vendors for purchases are the Chief Civil Deputy, Office Manager and Accounts Payable Clerk. Although not written in policy, the Office Manager and Payroll Clerk must obtain approval from the Chief Civil Deputy before adding vendors. The policy will be revised to reflect this.

11. Purchases are recorded through the accounting system via the routine procedure for issuing checks; the account distribution is entered with the checks. All disbursements for purchases are approved by the Chief Civil Deputy, who does not record the transactions.

The Chief Criminal Deputy and Warden are authorized to initiate purchases, but clear all non-routine transactions with the Chief Civil Deputy. The Chief Civil Deputy may initiate purchases but the Accounts Payable Clerk will question any transaction that is unfamiliar or unusual.

The policy will be strengthened by March 31, 2018.

12. Preprinted check stock is stored in a closet that is locked overnight. It is within the business office, which is also locked overnight. During working hours, the closet may remain unlocked but it cannot be accessed without notice by business office personnel. The Chief Civil Deputy and office manager are the only individuals with signature authority who may access the checks, and they do not sign checks they prepare.

13. The procedure states "If a signature stamp...is used, inquire of the signer whether ...signature is maintained under his or her control *or* (emphasis added) is used only with the knowledge and consent of the signer." Signature stamps are obviously used with the consent of the signer.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

This section will be reviewed and appropriate policy revisions will be completed by March 31, 2018.

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

15.a) All credit card statements are approved for payment by the Chief Civil Deputy. When informed of the statement in question, the Chief Civil Deputy went to the paid statements file, pulled the statement in question and found an authorization form stapled to the statement in accordance with standard procedure.

16.c) All Wal-Mart statements are supported by receipts and approved by the Chief Civil Deputy. The statements themselves contain descriptions of all items purchased, so appropriate public purpose can be easily verified.

Wex cards are issued to employees for gasoline purchases and can be used *only* for that purpose. The card system will not allow cards to be used for any other reason. Gasoline purchases are vital to the department's public purpose in keeping vehicles on the road. The cards require odometer readings to be entered at the pumps before any purchases can be authorized, and are printed on the monthly statements along with gallons of each purchase. Thus, a simple mathematical analysis can be used to determine if vehicle mileage matches gasoline purchases.

There is no evidence of any "loan, pledge or donation of funds, credit, property or things of value" and no evidence that the nature of any transaction precluded or obscured a comparison to the requirements of Article 7, Section 14.

The policy will be reviewed and revised as appropriate by March 31, 2018. Provisions will be made for statistical sampling of vehicle average mpg.

Travel and Expense Reimbursement

The Sheriff will reemphasize existing policies and procedures where applicable to address the findings noted in this section.

Contracts

The Sheriff will continue to follow all provisions of the Louisiana Bid Law and emphasize best practices.

Payroll and Personnel

The Sheriff will reemphasize existing policies and procedures where applicable to address the findings noted in this section.

**SABINE PARISH SHERIFF'S OFFICE
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

Ethics

The Sheriff will reemphasize existing policies and procedures where applicable to address the findings noted in this section.

Other

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