

CAMERON PARISH SHERIFF
(AS EX-OFFICIO TAX COLLECTOR)
Cameron, Louisiana

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Ron Johnson
Cameron Parish Sheriff
Cameron, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the RSI on pages 38 through 43 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.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cameron Parish Sheriff's basic financial statements. The other supplementary information on pages 45 through 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017, on our consideration of the Cameron 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 Cameron Parish Sheriff's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 24, 2017

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CAMERON PARISH SHERIFF
Cameron, Louisiana

Statement of Net Position
June 30, 2017

ASSETS

Interest-bearing deposits	\$ 13,156,303
Due from other governmental units	65,174
Prepaid items	112,777
Capital assets, net	<u>842,616</u>
Total assets	<u>14,176,870</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources- pension	<u>1,862,333</u>
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LIABILITIES

Accounts and other payables	32,063
Salaries payable	80,010
Long-term liabilities:	
Accrued interest payable	22,749
Note payable	129,399
Net pension liability	3,405,731
Other post employment benefits payable	<u>5,528,124</u>
Total liabilities	<u>9,198,076</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources- pension	379,007
Deferred inflows of resources- PILOT payments	<u>3,566,420</u>
Total deferred inflows of resources	<u>3,945,427</u>

NET POSITION

Net investment in capital assets	842,616
Unrestricted	<u>2,053,084</u>
Total net position	<u>\$ 2,895,700</u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue And Changes in Net Position
Governmental activities:				
Public safety:				
Law enforcement	<u>\$8,420,147</u>	<u>\$ 290,668</u>	<u>\$ 748,827</u>	<u>\$(7,380,652)</u>
Taxes:				
Property taxes, levied for general purposes				5,809,223
Grants and contributions not restricted to specific programs:				
State sources				19,245
Interest earnings				35,875
Miscellaneous				46,047
Payments to Cameron Parish Police Jury				(305,842)
Loss on disposal of capital assets				(12,274)
Nonemployer pension contribution				<u>208,444</u>
Total general revenues				<u>5,800,718</u>
Change in net position				(1,579,934)
Net position - beginning				<u>4,475,634</u>
Net position - ending				<u>\$ 2,895,700</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CAMERON PARISH SHERIFF
Cameron, Louisiana

Balance Sheet - Governmental Fund
General Fund
June 30, 2017

ASSETS

Interest-bearing deposits	\$ 13,156,303
Due from other governmental agencies	65,174
Prepaid items	<u>112,777</u>
Total assets	<u>\$ 13,334,254</u>

LIABILITIES

Accounts payable	\$ 32,063
Salaries payable	<u>80,010</u>
Total liabilities	<u>112,073</u>

DEFERRED INFLOWS OF RESOURCES

PILOT program related resources	<u>3,566,420</u>
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FUND BALANCE

Nonspendable - prepaid items	112,777
Unassigned	<u>9,542,984</u>
Total fund balance	<u>9,655,761</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 13,334,254</u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balance for governmental fund		\$ 9,655,761
Capital assets, net		842,616
Long-term liabilities:		
Notes payable	\$ (129,399)	
Net pension liability	(3,405,731)	
Net OPEB obligation payable	(5,528,124)	
Accrued interest payable	<u>(22,749)</u>	(9,086,003)
Deferred outflows of resources related to net pension liability		1,862,333
Deferred inflows of resources related to net pension liability		<u>(379,007)</u>
Net position		<u>\$ 2,895,700</u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
Year Ended June 30, 2017

Revenues:	
Ad valorem taxes	\$ 5,809,223
Intergovernmental revenues -	
State grants - state revenue sharing	73,999
State supplemental pay	345,456
Other	354,047
Fees, charges, and commissions for services -	
Commissions on licenses, taxes, etc.	46,661
Fines and forfeitures	26,503
Civil and criminal fees	64,074
Court costs and attendance	40,741
Feeding, keeping, and transporting prisoners	99,159
Other	54,147
Interest income	35,875
Total revenues	<u>6,949,885</u>
Expenditures:	
Current -	
Public safety:	
Personal services and related benefits	6,135,293
Operating services	215,683
Operations and maintenance	960,939
Capital outlay	<u>449,151</u>
Total expenditures	<u>7,761,066</u>
Deficiency of revenues over expenditures	<u>(811,181)</u>
Other financing sources (uses):	
Payment to Cameron Police Jury	(305,842)
Proceeds from sale of assets	<u>8,300</u>
Total other financing sources (uses)	<u>(297,542)</u>
Net change in fund balance	(1,108,723)
Fund balance, beginning	<u>10,764,484</u>
Fund balance, ending	<u>\$ 9,655,761</u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
Year Ended June 30, 2017

Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance		\$(1,108,723)
Capital assets:		
Capital outlay	\$ 449,151	
Depreciation expense	<u>(293,803)</u>	155,348
Transactions involving capital assets:		
Proceeds on disposal of assets	(8,300)	
Loss on disposal	<u>(12,274)</u>	(20,574)
Long-term debt:		
Interest expense	(3,569)	
Increase in OPEB obligation	<u>(720,004)</u>	(723,573)
The effect of recording net pension liability and deferred outflows/inflows of resources:		
Decrease in pension expense	(90,856)	
Nonemployer pension contribution revenue recognized	<u>208,444</u>	<u>117,588</u>
Total changes in net position per Statement of Activities		<u><u>\$(1,579,934)</u></u>

The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Statement of Fiduciary Net Assets and Liabilities
Fiduciary Funds - Agency Funds
June 30, 2017

ASSETS

Assets:

Cash	\$ 1,190
Interest-bearing deposits	<u>367,732</u>

Total assets	<u>\$ 368,922</u>
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LIABILITIES

Liabilities:

Due to other taxing bodies	\$ 368,175
Due to inmates	<u>747</u>

Total liabilities	<u>\$ 368,922</u>
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The accompanying notes are an integral part of the basic financial statements.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

INTRODUCTION

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

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

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

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The accounting and reporting policies of the Cameron Parish Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, *Audits of State and Local Governmental Units*.

(1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the Cameron Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish police jury as required by Louisiana law, the Sheriff is financially independent.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of the local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for 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. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The governmental fund of the Sheriff is considered to be a major fund. The funds of the Sheriff are described below:

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

Governmental Fund –

General Fund – This fund is the primary operating fund of the Sheriff and it accounts for the operations of the Sheriff's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Fiduciary Funds -

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental fund uses the following practices in recording revenues and expenditures:

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

Revenues

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Cameron Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions. Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. The taxes are generally collected in December, January, and February of the fiscal year.

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

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

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff. Proceeds from the issuance of debt in the Sheriff's name are accounted for as other financing sources.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. See Note (2) for other disclosures.

E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

F. Bad Debts

Uncollectible amounts due for accounts receivable are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivables. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality.

G. Prepaid Expenses

Prepaid expense consists of insurance premiums paid during the current fiscal year that benefit the next fiscal year.

H. Capital Assets

Capital assets, which include buildings, furniture, fixtures, equipment, and vehicles, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Vehicles	5
Office furniture	5-10
Equipment	5-10

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

I. Vacation and Sick Leave

All full-time employees of the Sheriff's office earn from 5 to 28 days of vacation leave and from 6 to 12 days of sick leave each year, depending on their length of service. Vacation and sick leave cannot be accumulated, and upon resignation or retirement, unused leave is forfeited. The Sheriff has no accumulated and vested benefits relating to vacation and sick leave which requires accrual or disclosure to conform to generally accepted accounting principles.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

K. Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restrict net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

In the fund statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Sheriff. The Sheriff is the highest level of decision-making authority for the Sheriff's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Sheriff.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Sheriff's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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

L. Estimates

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(2) Cash and Interest-Bearing Deposits

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

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

Bank balances	<u>\$13,785,157</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 1,760,733
Uninsured and collateral held by the pledging bank, not in the Sheriff's name	<u>12,024,424</u>
Total	<u>\$13,785,157</u>

(3) Capital Assets

Capital asset activity was as follows:

<u>Governmental activities:</u>	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
Vehicles, furniture, and equipment	\$2,339,603	\$ 449,151	\$(265,903)	\$2,522,851
Less: accumulated depreciation	<u>(1,631,761)</u>	<u>(293,803)</u>	<u>245,329</u>	<u>(1,680,235)</u>
Net capital assets	<u>\$ 707,842</u>	<u>\$ 155,348</u>	<u>\$ (20,574)</u>	<u>\$ 842,616</u>

Depreciation expense in the amount of \$293,803 was charged to public safety.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(4) Conduit Debt

The in conjunction with the Cameron Parish Police Jury entered into an agreement for the construction of a jail. As part of this agreement the Sheriff will provide the funding to the Cameron Parish Police Jury in an amount not to exceed the payments received from the Chenier funds as described in Note 13. Beyond these payments the Sheriff is not legally responsible therefore, the payment of those funds are not recorded as liability but rather as other financing uses on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

(5) Deferred Compensation Plan

The Sheriff offers its employees participation in the Louisiana Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with the Internal Revenue Code Section 457. The plan is reported as an agency fund in the State of Louisiana's financial statements. The plan, available to all Sheriff employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or proof of hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State of Louisiana (without being restricted to the provisions of benefits under the plan) subject only to the claims of the general creditors of the State of Louisiana. Participants' rights under the plan are equal to those of general creditors of the State of Louisiana in an amount equal to the fair market value of the deferred account for each participant.

The Sheriff pays a 100% match for all contributions made by employees for deferred compensation up to the Internal Revenue Service and state statute limitations. The Sheriff's match for the year is \$201,050.

(6) Ex-officio Tax Collector

The amount of cash on hand in the tax collector account consists of:

Payments received in June and disbursed in July were for:

Occupational licenses	\$ 7,366	
Ad Valorem taxes	<u>103,484</u>	\$ 110,850
Protest taxes		<u>134,403</u>
Total		<u>\$ 245,253</u>

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

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

	Ad Valorem Taxes
Ambulance District #1	\$ 1,107,653
Ambulance District #2	2,210,723
Cameron Hospital District #1	1,008,385
Cameron Hospital District #2	444,239
Cameron Parish Police Jury	8,557,596
Grand Lake Fire District #14	134,347
Fire District #15	31,624
Fire District #16	30,485
Fire District #7	32,345
Fire District #9	89,302
Gravity Drainage District #3	174,890
Gravity Drainage District #4	46,472
Gravity Drainage District #5	182,127
Gravity Drainage District #7	368,081
Gravity Drainage District #8	81,152
Gravity Drainage District #9	178,508
Hackberry Recreation District	397,343
Johnson Bayou Recreation District	481,558
Law Enforcement District	5,779,644
Recreation District #6	291,666
Recreation District #7	48,638
Recreation District #9	83,398
Cameron Parish School Board	7,955,003
Water District #10	221,395
Water District #11	170,604
Water District #2	344,131
Water District #7	82,524
Water District #9	223,028
Water/Wastewater District 1	132,955
West Calcasieu-Cameron Hospital	386,364
Total	\$31,276,180

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

The amount of taxes assessed and uncollected, and the reason for failure to do so is as follows:

	<u>Unpaid on Movables</u>
Ambulance District #1	\$ 30,915
Ambulance District #2	4,900
Cameron Fire District #1	5,798
Cameron Hospital District #1	27,318
Cameron Hospital District #2	300
Courthouse Maintenance	5,517
Johnson Bayou Fire District #10	2,111
Grand Lake Fire District #14	4
Fire District #16	1,219
Fire District #9	1,244
Garbage	8,455
Gravity Drainage District #3	8,652
Gravity Drainage District #4	52
Gravity Drainage District #5	2,955
Gravity Drainage District #7	245
Gravity Drainage District #8	3
Johnson Bayou Recreation District	325
Law Enforcement District	53,455
Library Maintenance	7,398
Mosquito Abatement	21,137
Parish Road	13,823
Parish Tax - General Alimony	7,778
Recreation District #5	4
Recreation District #6	14,234
Recreation District #7	46
Recreation District #9	1,465
Cameron Parish School Board	74,232
Cameron Parish Assessor	5,982
Water District #10	1,471
Water District #11	5
Water District #9	3,106
Water/Wastewater District 1	<u>7,537</u>
Total	<u>\$ 311,686</u>

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(7) Litigation and Claims

There was no litigation pending against the Cameron Parish Sheriff.

(8) Pension Plan

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriffs' Pension and Relief Fund (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 are reported at fair value. The following is a description of the plan and its benefits and is provided for general information purposes only.

Plan Description: Employees of the Sheriff are provided with retirement benefits through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association and the Sheriff's Pension and Relief Fund's office. The Fund issued a stand-alone audit report that can be obtained on the Legislative Auditor's website, www.la.la.gov.

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

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

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

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

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

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

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

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

Back Deferred Retirement Option Plan (Back-DROP): In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

Cost of Living 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.

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 13.75% with an additional -0% allocated from the Funding Deposit Account. Employer proportionate share of contributions for the year ended June 30, 2016 was \$504,382.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue in the amount of \$208,444 and excluded from pension expense for the year ended June 30, 2016.

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 \$3,405,731 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 a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Sheriff's proportion was .536598%, which was a decrease of .01120% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$587,838 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,433.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

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 experiences	\$ -	\$ 373,954
Changes of assumptions	278,238	-
Net difference between projected and actual earnings on pension plan investments	852,966	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	239,666	5,053
Employer contributions subsequent to the measurement date	491,463	-
Total	\$1,862,333	\$ 379,007

Deferred outflows of resources of \$491,463 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
6/30/2018	\$ 154,130
6/30/2019	154,130
6/30/2020	402,582
6/30/2021	268,844
6/30/2022	6,092
6/30/2023	6,085
Total	\$ 991,863

Contributions – Proportionate Share: Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

CAMERON PARISH SHERIFF
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Notes to Financial Statements

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.6%, net of investment expense
Discount Rate	7.5% per annum
Projected Salary Increases	5.5% (2.875% Inflation, 2.65% Merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of returns by the target asset allocation percentage and by adding expected inflation.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2016 were as follows:

Asset Class	Expected Rate of Return		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Real Rates of Return
Equity Securities	60%	6.4%	3.9%
Bonds	25	1.9	0.5
Alternative Investments	15	4.3	0.6
Cash and Cash Equivalents	-	-	-
Totals	<u>100%</u>	<u>-</u>	<u>5.0%</u>
Inflation			<u>2.7</u>
Expected Arithmetic Nominal Return			<u><u>7.7%</u></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 presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Changes in Discount Rate:		
	1.0% Decrease 6.5%	Current Discount Rate 7.5%	1.0% Increase 8.5%
Employer's proportionate share of the net pension liability	\$5,778,170	\$3,405,731	\$1,447,564

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(9) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: The Sheriff provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff. The plan is an agent multiple-employer defined benefit health care plan administered by the Louisiana Sheriff's Association Office of Group Benefits. The plan does not issue a publicly available financial report.

The monthly premiums of these benefits for retirees and similar benefits for active employees are paid by the Sheriff. The Sheriff recognizes the cost of providing these benefits (the Sheriff's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

Annual OPEB Cost: The Sheriff's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Sheriff utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

The following table shows the components of the Sheriff's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation:

Annual required contribution	\$ 1,156,556
Interest on net OPEB obligation	192,325
Adjustment to annual required contribution	<u>(272,654)</u>
Annual OPEB cost (expense)	1,076,227
Assumed Contributions made	<u>(356,223)</u>
Increase in net OPEB obligation	720,004
Net OPEB obligation - beginning of year	<u>4,808,120</u>
Net OPEB obligation - end of year	<u>\$ 5,528,124</u>

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 1,001,130	21.0%	\$ 4,061,099
6/30/2016	\$ 991,794	24.7%	\$ 4,808,120
6/30/2017	\$ 1,076,227	33.1%	\$ 5,528,124

Funded Status and Funding Progress: The funded status of the plan is as follows:

Actuarial accrued liability (AAL)	\$ 12,214,506
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,214,506</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 3,474,039
UAAL as a percentage of covered payroll	351.6%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Sheriff's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CAMERON PARISH SHERIFF
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Notes to Financial Statements

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation the projected unit cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% (1.00% real rate of return plus 3.00% inflation).
2. The annual per capita medical cost for age 65 and older is the annualized Medical supplement premium of \$5,083. The annual per capita dental/vision cost is a level \$258.

<u>Age</u>	<u>Medical</u>
55	\$ 10,013
56	\$ 10,314
57	\$ 10,623
58	\$ 10,942
59	\$ 11,270
60	\$ 11,608
61	\$ 11,957
62	\$ 12,315
63	\$ 12,685
64	\$ 13,065

3. 100% of employees who elect coverage while in active employment and who are eligible for retiree benefits are assumed to elect continued medical coverage in retirement.
4. 50% of members electing coverage are assumed to also elect coverage for a spouse.
5. Level 4.75% for medical and level 1.00% for dental/vision.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(10) Risk Management

The Sheriff is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability, medical payments, uninsured motorist, and collision; surety bond coverage; and marine liability. In addition to the above policies, the Sheriff maintains a public official's liability policy and a law enforcement policy. No claims were paid, which exceeded the policies' coverage amount, on any of the policies during the past three years.

(11) Expenditures of the Sheriff's Office Paid by the Parish Police Jury

The Sheriff's office is located in the parish law enforcement building. The cost of maintaining and operating the parish law enforcement building, as required by statute, is paid by the Cameron Parish Police Jury. These expenditures are not included in the accompanying financial statements.

(12) Changes in Long-Term Debt

The following is a summary of long-term debt:

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017
FEMA note payable	\$ 129,399	\$ -	\$ -	\$ 129,399

Note Payable is comprised of the following:

Note payable to FEMA, dated February 14, 2006, Original amount of \$960,838, bearing interest of 2.76%, maturing on September 30, 2035.	<u>\$ 129,399</u>
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Long-term debt is due as follows:

	Governmental Activities	
Year Ending June 30,	Principal payments	Interest payments
2035	\$ 129,399	\$ 22,749

Interest on long-term debt is reported as a direct expense in the public safety function, during the year, no payments were made.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to Financial Statements

(13) PILOT Program

Sabine Pass' LNG is a liquefied natural gas receiving facility located within the Cameron Parish boundaries. Sabine Pass' LNG qualified for the State of Louisiana's industrial ad valorem tax abatement program for a ten year period beginning in the year Sabine Pass' LNG's operations commenced. As a result of this abatement, in February 2007, Cameron Parish Sheriff entered into a Cooperative Endeavor and Payment in Lieu of Tax Agreement with Sabine Pass' LNG wherein Sabine Pass' LNG agreed to make advanced payments of its ad valorem tax liability which begins in the eleventh year after operations commence. In return, Cameron Parish Sheriff agreed to provide Sabine Pass' LNG with a dollar for dollar credit against those future taxes. These payments have been accrued. Once ad valorem tax is assessed against Sabine Pass' LNG, the credits will be recognized as revenue by Cameron Parish Sheriff. The balance of unearned revenue is \$3,566,420.

(14) Occupational Licenses

Collections settled during the year for occupational licenses are as follows:

	<u>Collected</u>	<u>Settled</u>	<u>Unsettled</u>
Cameron Parish Police Jury	\$ 278,243	\$ 271,982	\$ 6,261
Cameron Parish Sheriff's Office	49,102	47,997	1,105
Total	\$ 327,345	\$ 319,979	\$ 7,366

(15) Compensation, Benefits, and Other Payments to Sheriff

A detail of compensation, benefits, and other payments paid to the Sheriff, Ron Johnson is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 159,540
Benefits- Health & Life Insurance	9,748
Benefits- Retirement	42,498
Benefits- Deferred Compensation	18,000
Vehicle provided by government	1,200
Travel	973
Registration fees	635
Conference travel	962
Total	\$ 233,556

CAMERON PARISH SHERIFF
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Notes to Financial Statements

(16) Contingencies-Debt Dispute

The Cameron Parish Sheriff is currently disputing the remaining balance of the FEMA loan. Therefore no payments were made on the debt during the current year and interest will continue to accrue as per the debt holder until payment has occurred. The Cameron Parish Sheriff feels that this balance will be a forgiven debt and no further action is deemed necessary at this time.

(17) Tax Abatement

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten year of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at the time. The future value of this exempt property could be subject to significant fluctuations from today's value; however the Sheriff could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed due, no adjustments have been made to the Sheriff's financial statements to record a receivable. The Sheriff's ad valorem tax revenues were reduced by \$12,566,440 as a result of the tax abatement.

(18) New Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement addresses accounting and financial reporting for postemployment benefits other than pensions that are provided to the employees of state and local government employers for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Sheriff for the year ended June 30, 2018. The effect of implementation on the Sheriff's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CAMERON PARISH SHERIFF
Cameron, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 6,600,000	\$ 5,700,000	\$ 5,809,223	\$ 109,223
Intergovernmental revenues -				
Federal grants	15,500	15,000	-	(15,000)
State grants - state revenue sharing	64,200	67,134	73,999	6,865
State supplemental pay	346,000	340,000	345,456	5,456
Other	262,100	338,630	354,047	15,417
Fees, charges, and commissions for services -				
Commissions on licenses, taxes, etc.	48,000	48,000	46,661	(1,339)
Fines and forfeitures	23,000	27,815	26,503	(1,312)
Civil and criminal fees	58,000	58,000	64,074	6,074
Court costs and attendance	33,200	38,700	40,741	2,041
Feeding, keeping, and transporting prisoners	119,500	96,100	99,159	3,059
Other	37,000	44,208	54,147	9,939
Interest income	16,500	36,600	35,875	(725)
Total revenues	<u>7,623,000</u>	<u>6,810,187</u>	<u>6,949,885</u>	<u>139,698</u>
Expenditures:				
Current -				
Public safety:				
Personal services and related benefits	5,858,119	6,238,745	6,135,293	103,452
Operating services	231,000	284,000	215,683	68,317
Operations and maintenance	959,100	974,900	960,939	13,961
Capital outlay	263,000	459,903	449,151	10,752
Total expenditures	<u>7,311,219</u>	<u>7,957,548</u>	<u>7,761,066</u>	<u>196,482</u>
Excess (deficiency) of revenues over expenditures	311,781	(1,147,361)	(811,181)	336,180
Other financing sources (uses):				
Payments to Cameron Police Jury	(315,000)	(315,000)	(305,842)	9,158
Proceeds from sale of assets	-	-	8,300	8,300
Total other financing sources (uses)	<u>(315,000)</u>	<u>(315,000)</u>	<u>(297,542)</u>	<u>17,458</u>
Net change in fund balance	(3,219)	(1,462,361)	(1,108,723)	353,638
Fund balance, beginning	<u>10,764,484</u>	<u>10,764,484</u>	<u>10,764,484</u>	<u>-</u>
Fund balance, ending	<u>\$ 10,761,265</u>	<u>\$ 9,302,123</u>	<u>\$ 9,655,761</u>	<u>\$ 353,638</u>

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2016	-	12,214,506	12,214,506	0.0%	3,474,039	351.6%
July 1, 2014	-	9,958,052	9,958,052	0.0%	3,721,815	267.6%
July 1, 2011	-	8,407,880	8,407,880	0.0%	2,519,131	333.8%

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017*

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.536598%	3,405,731	3,664,698	92.9%	82.10%
2016	0.537718%	2,396,887	3,572,347	67.1%	86.61%
2015	0.503458%	1,993,696	3,164,715	63.0%	87.34%

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

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Employer Contributions
For the Year Ended June 30, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2017	491,463	491,463	-	3,709,167	13.25%
2016	503,896	503,896	-	3,664,698	13.75%
2015	509,059	509,059	-	3,572,347	14.25%

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

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budgets and Budgetary Accounting

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

1. The chief administrative deputy prepares a proposed budget for the general fund and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Sheriff.

For the year ended June 30, 2017, expenditures did not exceed appropriations in the General Fund.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(2) Pension Plan

Changes of Benefit Terms -

There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions -

Amounts reported in fiscal year ended June 30, 2017 for Sheriffs' Pension and Relief Fund reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by .1% to 7.5% as of the valuation date June 30, 2016. Other changes are as follows:

Valuation Date	June 30, 2015	June 30, 2016
Investment Rate of Return	7.70%	7.60%
Expected Remaining Services Lives	6 years	7 years

**OTHER SUPPLEMENTARY
INFORMATION**

STATE OF LOUISIANA, PARISH OF CAMERON

AFFIDAVIT

The Honorable Ron Johnson, Sheriff of Cameron Parish

BEFORE ME, the undersigned authority, personally came and appeared, Ron Johnson, the Sheriff of Cameron, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$245,253 is the amount of cash on hand in the tax collector account on June 30, 2017;

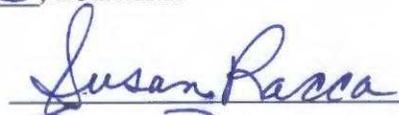
He further deposed and said:

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.


Signature
Sheriff of Cameron Parish

SWORN to and subscribed before me, Notary, this 20th day of October 2017,
in my office in Cameron, Louisiana.


Susan Rasca (Signature)
Susan Rasca (Print), # 20081
Notary Public
06-30-2020 (Commission)

CAMERON PARISH SHERIFF
Cameron, Louisiana
Agency Funds

Combining Balance Sheet
June 30, 2017

	Sheriff's Fund	Tax Collector Fund	Bond Fund	Inmate Fund	Totals
ASSETS					
Cash	\$ 443	\$ -	\$ -	\$ 747	\$ 1,190
Interest-bearing deposits	-	245,253	122,479	-	367,732
 Total Assets	 \$ 443	 \$ 245,253	 \$ 122,479	 \$ 747	 \$ 368,922
LIABILITIES					
Due to taxing bodies and others	\$ 443	\$ 245,253	\$ 122,479	\$ -	\$ 368,175
Due to inmates and others	-	-	-	747	747
 Total Liabilities	 \$ 443	 \$ 245,253	 \$ 122,479	 \$ 747	 \$ 368,922

CAMERON PARISH SHERIFF
Cameron, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2017

	Sheriff's Fund	Tax Collector Fund	Bond Fund	Inmate Fund	Totals
Balances, beginning of year	\$ 435	\$ 208,491	\$ 97,813	\$ 577	\$ 307,316
Additions:					
Deposits -					
Sheriff's sales, suits, and seizures	46,767	-	-	-	46,767
Garnishments	9,041	-	-	-	9,041
Bonds	-	-	572,427	-	572,427
Inmate deposits	-	-	-	28,525	28,525
Taxes, fees, etc., paid to tax collector	-	31,814,958	-	-	31,814,958
Interest	-	289	-	-	289
Total additions	<u>55,808</u>	<u>31,815,247</u>	<u>572,427</u>	<u>28,525</u>	<u>32,472,007</u>
 Total	<u>56,243</u>	<u>32,023,738</u>	<u>670,240</u>	<u>29,102</u>	<u>32,779,323</u>
Reductions:					
Taxes, fees, etc., distributed to taxing bodies and others	55,234	31,263,553	-	-	31,318,787
Deposits settled to -					
State agencies	-	23,767	15,783	-	39,550
Sheriff's General Fund	566	179,430	96,571	-	276,567
Clerk of Court	-	-	15,027	-	15,027
Police Jury	-	311,735	196,282	-	508,017
District Attorney	-	-	77,930	-	77,930
Judicial expense fund	-	-	30,077	-	30,077
Crime lab	-	-	25,513	-	25,513
Indigent defender board	-	-	90,578	-	90,578
Inmate withdrawals	-	-	-	28,355	28,355
Total reductions	<u>55,800</u>	<u>31,778,485</u>	<u>547,761</u>	<u>28,355</u>	<u>32,410,401</u>
Balances, end of year	<u>\$ 443</u>	<u>\$ 245,253</u>	<u>\$ 122,479</u>	<u>\$ 747</u>	<u>\$ 368,922</u>

**INTERNAL CONTROL,
COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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*

The Honorable Ron Johnson
Cameron Parish Sheriff
Cameron, Louisiana

We have audited, 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, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cameron Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cameron Parish Sheriff's basic financial statements and have issued our report thereon dated October 24, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cameron Parish 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 Cameron Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cameron Parish 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 Sheriff'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 weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Cameron Parish Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. 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 result 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 24, 2017

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the Sheriff does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2017

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff determined that it is not cost effective to achieve complete segregation of duties within the accounting department. As such, management has determined that no plan is considered necessary.

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA, AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Sheriff to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

CAMERON PARISH SHERIFF
Cameron, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2017

B. Compliance

There are no compliance findings to be reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of duties

CONDITION The Sheriff did not have adequate segregation of duties within the accounting function.

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Sheriff does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.

B. Compliance

There were no compliance findings reported.

**CAMERON PARISH SHERIFF
(AS EX-OFFICIO TAX COLLECTOR)**
Cameron, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Ron Johnson
Cameron Parish Sheriff, and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Cameron Parish Sheriff (Sheriff) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Sheriff's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Sheriff is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

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

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

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

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

Written policies and procedures were obtained and address the functions noted above; however they do not address item (2).

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

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

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

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

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

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

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

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

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

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

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

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

Board (or Finance Committee, if applicable)

- 2. Obtain and 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.

Not Applicable.

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

Not Applicable.

- 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.

Not Applicable.

- 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.)

Not Applicable.

Bank Reconciliations

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

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

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

- a) Bank reconciliations have been prepared;

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

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

Bank reconciliations do not include evidence that a member of management has reviewed the reconciliations.

- 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.

For two of the five bank reconciliations tested, there was no evidence of documentation for reconciling items outstanding longer than 6 months.

Collections

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

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

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

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

In 3 of the 5 locations tested, the person responsible for collecting cash, also deposits the cash in the bank.

In 3 of the 5 locations tested, the person responsible for collecting cash, also records the deposit.

In 3 of the 5 locations tested, the person responsible for collecting cash reconciles the bank statement.

In 3 of the 5 locations tested, the person responsible for collecting cash, also shares a drawer with another person.

- 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.

In 3 of the 5 locations tested, there is no formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

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

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

In 1 of the 5 locations tested, deposits were not made within one day of collection.

- 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.

Collection documentation was obtained and address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above for any of the locations tested.

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.

Listing of disbursements and management's representation that the listing is complete was obtained.

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

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

Examined supporting documentation for each of the 25 disbursements selected and found that 2 purchases were initiated without using a purchase order system.

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

Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval of purchase orders.

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

Examined supporting documentation for each of the 25 disbursements and found that 2 payments were processed without proper approval, receiving report and approved invoice.

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

Written policies and procedures were obtained and do not address the functions noted above.

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.

Written policies and procedures were obtained and do not address the functions noted above.

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

The supply of unused checks is not in a locked location and persons without signature authority have access to those checks.

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 signature stamp is not in a locked location and persons without signature authority have access to the signature stamp.

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.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

Listing was obtained and randomly selected 10 cards.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

There was no evidence that the monthly statements were reviewed and approved for any of the 10 cards tested.

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

There were no finance charges and/or late fees assessed for any of the 10 cards tested.

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

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

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

19 transactions did not have all original itemized receipts attached.

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

21 transactions did not have documentation of business/public purpose.

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

23 transactions did not have other required documentation required by written policies.

- 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.

19 transactions did not comply with entity written policies.

- 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.

21 transactions did not document the business/public purpose and, therefore, we were unable to compare the transaction with Article 7, Section 14 of the Louisiana Constitution. Of the remaining transactions tested, no exceptions were noted.

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.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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.

Policies were obtained. No amounts listed exceed GSA rates.

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

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

1 expense was not in accordance with written policies.

- b) Report whether each expense is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.

- 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.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- 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.

No exceptions noted.

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

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

No noncompliance noted.

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

No noncompliance noted.

- 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.

- 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.

No noncompliance noted.

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

Not applicable.

Payroll and Personnel

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

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- 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 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.

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

No exceptions noted.

- 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.

No exceptions noted.

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.

No exceptions noted.

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

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

Debt Service (excluding nonprofits)

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

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.

All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.

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

Not applicable.

Other

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

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

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

Required notices were posted on the entity's premises and 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.

We were not engaged to perform, and did not perform, an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the use of management of the Sheriff and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 24, 2017