

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Annual Financial Statements

For the Year Ended
June 30, 2014

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Independent Auditor's Report

The Honorable Randy Seal
Washington Parish Sheriff
Franklinton, Louisiana

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Washington Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Washington Parish Sheriff, as of June 30, 2014, 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

Going Concern

The accompanying financial statements of the governmental activities and each major fund of the Washington Parish Sheriff have been prepared assuming the Sheriff will continue as a going concern. As disclosed in Note 5 to the financial statements, the Sheriff's General Fund had a negative change in fund balance of \$806,649 and has a deficit fund balance of \$1,165,150, which raises substantial doubt about its ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 35 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, basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining statement of net position - fiduciary funds is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying ad valorem tax affidavit is not a required part of the basic financial statements of the Sheriff but is additional information required by the Louisiana Legislative Auditor. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position - fiduciary funds and the ad valorem tax affidavit are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 29, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 411,491
Receivables	419,512
Capital Assets, Net of Accumulated Depreciation	<u>449,907</u>
Total Assets	<u>1,280,910</u>
Liabilities	
Accounts Payable	149,670
Salaries and Benefits Payable	113,980
Accrued Liabilities	123,696
Accrued Annual Leave	80,260
Accrued Interest	19,820
Due to Others	3,224
Due to Other Governments	19,541
Certificate of Indebtedness Payable in One Year	1,500,000
Net Other Post-Employment Benefit Obligation	<u>593,717</u>
Total Liabilities	<u>2,603,908</u>
Net Position	
Net Investment in Capital Assets	449,907
Restricted for Program Services	5,503
Unrestricted (Deficit)	<u>(1,778,408)</u>
Total Net Position	<u>\$ (1,322,998)</u>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2014**

Activities	Expenses	Program Revenues			Net (Expense)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Public Safety	\$ 7,214,668	\$ 1,153,969	\$ 286,921	\$ -	\$ (5,773,778)
Total Governmental Activities	\$ 7,214,668	\$ 1,153,969	\$ 286,921	\$ -	(5,773,778)
General Revenues					
Taxes					
Sales and Use Taxes, Levied for Special Purposes					2,441,144
Property Taxes, Levied for General Purposes					1,838,972
State Revenue Sharing					131,504
Miscellaneous					335,627
Interest					24
Extraordinary Item - FEMA Disaster Loan Forgiveness					1,095,272
Total General Revenues					5,842,543
Change in Net Position					68,765
Net Position, Beginning of Year					(1,391,763)
Net Position, End of Year					\$ (1,322,998)

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2014**

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 405,648	\$ 5,843	\$ 411,491
Receivables	419,512	-	419,512
Due from Other Funds	340	-	340
Total Assets	\$ 825,500	\$ 5,843	\$ 831,343
Liabilities			
Accounts Payable	\$ 149,670	\$ -	\$ 149,670
Salaries and Benefits Payable	113,980	-	113,980
Certificate of Indebtedness	1,500,000	-	1,500,000
Accrued Liabilities	123,696	-	123,696
Accrued Interest	19,820	-	19,820
Due to Other Funds	-	340	340
Due to Others	3,224	-	3,224
Accrued Vacation Leave	80,260	-	80,260
Total Liabilities	1,990,650	340	1,990,990
Fund Balances (Deficit)			
Restricted for Program Services	-	5,503	5,503
Unassigned	(1,165,150)	-	(1,165,150)
Total Fund Balances (Deficit)	(1,165,150)	5,503	(1,159,647)
Total Liabilities and Fund Balances (Deficit)	\$ 825,500	\$ 5,843	

**Amounts reported for governmental activities in the Statement of Net
Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	449,907
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements:	
Due to Other Governments	(19,541)
OPEB Obligation	(593,717)
Net Position of Governmental Activities	\$ (1,322,998)

The accompanying notes are an integral part of these financial statements.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Statement of Revenues, Expenditures,
and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014**

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues			
Sales and Use Taxes	\$ 2,441,144	\$ -	\$ 2,441,144
Ad Valorem Taxes	1,838,972	-	1,838,972
Intergovernmental Revenues			
State Supplemental Pay	263,093	-	263,093
State Revenue Sharing	131,504	-	131,504
Grant Revenue	286,921	-	286,921
Fees, Charges, and Commissions for Services			
Civil and Criminal Fees	315,552	6,092	321,644
Commissions	469,846	-	469,846
Feeding and Keeping of Prisoners	362,479	-	362,479
Other Revenues	72,534	-	72,534
Interest Earnings	24	-	24
Total Revenues	6,182,069	6,092	6,188,161
Expenditures			
Public Safety			
Personnel Services	4,810,594	8,477	4,819,071
Materials and Supplies	1,310,584	-	1,310,584
Feeding and Keeping of Prisoners	457,411	-	457,411
Contractual Services	327,564	-	327,564
Grant Expenses	16,597	-	16,597
Continuing Education	9,152	-	9,152
Other	3,712	51	3,763
Debt Service			
Interest	20,136	-	20,136
Capital Outlays	32,968	-	32,968
Total Expenditures	6,988,718	8,528	6,997,246
Change in Fund Balance	(806,649)	(2,436)	(809,085)
Fund Balance, Beginning of Year	(358,501)	7,939	(350,562)
Fund Balance, End of Year	\$ (1,165,150)	\$ 5,503	\$ (1,159,647)

The accompanying notes are an integral part of these financial statements.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014**

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

Net Change in Fund Balances - Total Governmental Funds	\$ (809,085)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	(78,810)
Forgiveness of FEMA Disaster Loan which is not reported on the governmental fund financial statements.	1,095,272
Change in the due to other government related to an acquisition of a capital asset.	(19,541)
The change in the net other post-employment benefit obligation reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(115,080)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	<u>(3,991)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 68,765</u></u>

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
FIDUCIARY FUND**

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Statement of Net Position
Fiduciary Fund
June 30, 2014

	Agency Funds
<hr/>	
Assets	
Cash and Interest-Bearing Deposits	\$ 1,173,978
Due from Taxing Bodies, Prisoners, and Others	<u>160,443</u>
Total Assets	<u><u>\$ 1,334,421</u></u>
Liabilities	
Due to Taxing Bodies, Prisoners, and Others	<u>\$ 1,334,421</u>
Total Liabilities	<u><u>\$ 1,334,421</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

As provided by Article V, Section 27, of the Louisiana Constitution of 1974, the Washington Parish Sheriff (the Sheriff) serves a four-year term as the Chief Executive Officer of the law enforcement district and Ex-Officio Tax Collector of Washington Parish (the Parish). The Sheriff administers the Parish jail operations and exercises duties required by the Parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

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, investigations, and other law enforcement activities. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the Parish, state, or federal government.

As the Ex-Officio Tax Collector of the Parish, the Sheriff is responsible for collecting and disbursing ad valorem taxes, parish occupational licenses, state revenue sharing funds, fines and costs, and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales and use taxes throughout the Parish.

Reporting Entity

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

The criteria for including organizations as component units within the Sheriff's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include items such as whether the organization is legally separate, whether the Sheriff appoints a voting majority of the organization's board, whether the Sheriff is able to impose his will on the organization, et cetera.

Based on these criteria, the Sheriff has no component units.

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying basic financial statements of the Washington Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, issued in June 1999.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Sheriff. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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.

The Sheriff reports the following major funds:

- The General Fund is the primary operating fund of the Sheriff. It accounts for all the financial resources except those that are required to be accounted for in other funds.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

- The fiduciary funds of the Sheriff are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the Sheriff's programs. 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 accrual basis of accounting.

Measurement Focus/Basis of Accounting

The amounts reflected in the governmental fund financial statements 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 change in fund balances 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 the government-wide financial statements.

The amounts reflected in the governmental fund financial statements 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 are 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 government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net position and the change in net position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budget Practices

The Sheriff legally adopts proposed budgets on the date a public hearing is held. All appropriations lapse at year end. The budget, which includes proposed expenditures and the means of financing them, is published in the official journal prior to the public hearing.

The General Fund budget is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America for governmental funds. Formal budget integration (within the accounting records) is used during the year as a management control device.

Cash and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Deposits must be made in a bank domiciled or having branch offices in the parish where the funds are collected.

Investments are limited by Louisiana Revised Statute. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. As of June 30, 2014, the Sheriff did not have any investments.

Capital Assets

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 \$2,500 or more for capitalizing assets.

Capital assets are recorded as expenditures in the governmental funds, and are recorded as assets in the government-wide statement of net position. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Vehicles	5 Years
Buildings	40 Years
Building Improvements	10 Years
Furniture and Equipment	5 Years
Other Capital Assets	5 Years

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Sheriff has the following policy regarding annual and sick leave:

- Annual leave accumulates at varying rates, with exceptions; is paid upon termination; and accrues as follows (assuming an 80 hour pay period):

<u>Years of Service</u>	<u>Annual Leave Earned (Hours per Pay Period)</u>
Less than 3	3.69
3 - 5	4.61
5 - 10	5.54
10 - 15	6.46
More than 15	7.39

- Sick leave accumulates at varying rates, with exceptions, and is carried forward from fiscal year to fiscal year, with no defined limit of hours that can be carried forward; is not paid upon termination; and accrues at the same rate as noted above for annual leave.

Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Equity

Government-Wide Net Position - Equity is classified as net position and displayed in three components:

1. *Net Investment in Capital Assets* - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity (Continued)

2. *Restricted Net Position* - Consists of net position with constraints placed on their use either by:
 - a. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation.
3. *Unrestricted Net Position* - Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the governmental fund financial statements, fund balances are classified as follows:

1. *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.
2. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. *Committed Fund Balance* - Amounts that can be used only for specific purposes determined by a formal action of the Sheriff.
4. *Assigned Fund Balance* - Amounts that are constrained by the Sheriff's intent to be used for specific purposes. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
5. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Sales Taxes

On October 3, 1992, the voters of Washington Parish approved (for an indefinite period) a ½ percent sales tax to be effective January 1, 1993. Beginning July 1, 1996, the Sheriff began collecting the tax as the central sales tax collection agency for Washington Parish.

The net proceeds of the tax were rededicated by voter approval on November 13, 2005, to the following exclusive uses:

- Sixty (60) percent to the salaries of criminal law enforcement deputies.
- Twenty (20) percent to the support of criminal law enforcement deputies, including the hiring and training of additional criminal law enforcement personnel, consisting of criminal patrol deputies, juvenile officers, and burglary and narcotics detectives.
- Twenty (20) percent to the purchase, maintenance, and support of law enforcement vehicles and equipment.

Impact of Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of the statement are effective for periods beginning after December 15, 2012. The implementation of GASB Statement No. 65 did not have any impact on the Sheriff's financial statements.

Recently Issued Accounting Pronouncements

In June, 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of the Statement are effective for periods beginning after June 15, 2014. Management anticipates that the adoption of this Statement will have a significant impact on the financial statements of the Sheriff.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

Note 2. Levied Taxes

Property taxes for the Sheriff are levied each November 1st on the assessed value listed, as of the prior January 1st for generally all real property, business merchandise, and business movable property located in the Parish. Taxes are due and payable by December 31st. Assessed values are established by the Washington Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. An evaluation of all property is required to be completed no less than every four years. The last evaluation was completed for the 2012 tax roll.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Levied Millage	Expiration Date
General Operations	10.96	Indefinite

Note 3. Cash and Cash Equivalents

At June 30, 2014, the Sheriff had cash and cash equivalents totaling \$411,491 (book balance) as follows:

Petty Cash	\$ 500
Demand Deposits	<u>410,991</u>
Total	<u>\$ 411,491</u>

At June 30, 2014, the Sheriff maintained a cash balance of \$1,173,978 in the agency funds, which is not reflected in the statement of net position. These deposits are stated at cost, which approximates market.

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be recovered. The Sheriff does not have a deposit policy for custodial credit risk. As of June 30, 2014, the total bank balance of \$1,797,566 was secured from risk by \$750,000 of FDIC coverage and \$579,944 by a pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the Sheriff and the fiscal agent bank. The remaining \$467,622 of deposits was unsecured which is a violation of state law.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2014, were as follows:

	General Fund	Other Governmental Funds	Total
Sales Tax	\$ 228,364	\$ -	\$ 228,364
Parish Government	20,127	-	20,127
Commissions	92,328	-	92,328
Department of Corrections	18,073	-	18,073
Grants	35,050	-	35,050
Other	25,570	-	25,570
Total	\$ 419,512	\$ -	\$ 419,512

Note 5. Deficit Fund Balance

At June 30, 2014, the Sheriff's General Fund had a deficit fund balance of \$1,165,150. On May 15, 2014, the Sheriff announced at a formally called press conference, and immediately implemented, an approximate \$1,000,000 annual budget reduction. This was achieved through a combination of elimination of non-critical positions, reduction in pay for the Sheriff and all Chiefs, and restructuring of contractual services.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 6. Capital Assets

The following is a summary of capital assets and accumulated depreciation as of June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total Capital Assets, Not Being Depreciated	50,000	-	-	50,000
Capital Assets, Being Depreciated				
Vehicles	788,452	48,500	-	836,952
Buildings and Improvements	198,966	-	-	198,966
Furniture and Equipment	427,508	4,009	-	431,517
Other Capital Assets	936,434	-	-	936,434
Total Capital Assets, Being Depreciated	2,351,360	52,509	-	2,403,869
Less Accumulated Depreciation for:				
Vehicles	(659,561)	(57,117)	-	(716,678)
Buildings and Improvements	(67,164)	(10,715)	-	(77,879)
Furniture and Equipment	(250,186)	(47,357)	-	(297,543)
Other Capital Assets	(895,732)	(16,130)	-	(911,862)
Total Accumulated Depreciation	(1,872,643)	(131,319)	-	(2,003,962)
Total Capital Assets Being Depreciated, Net	478,717	(78,810)	-	399,907
Governmental Activities - Capital Assets, Net	\$ 528,717	\$ (78,810)	\$ -	\$ 449,907

Depreciation expense of \$131,319 was charged to governmental activities for the year ended June 30, 2014.

Note 7. FEMA Disaster Loan

Subsequent to Hurricane Katrina, Washington Parish was declared eligible for Community Disaster Loans from the U.S. Department of Homeland Security. Accordingly, the Sheriff was extended a line of credit in the amount of \$1,172,000. The purpose of the loan was to cover any additional costs the Sheriff may incur in respect to the storm and also in anticipation of any loss of revenue. The interest rate of the loan is 2.76% and the principal and all accrued interest was due on February 6, 2011. A repayment extension of five years was granted on April 11, 2011, making the loan due in 2016.

On February 28, 2006, the Sheriff borrowed \$610,000 and \$300,000 on July 7, 2006. The total amount outstanding, including principal and interest, as of June 30, 2013, was \$1,095,272. This balance was cancelled by FEMA on August 27, 2013.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 8. Post-Employment Benefits

Plan Description

The Washington Parish Sheriff's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical/dental coverage for the retiree only (not dependents). Employees are covered by the Louisiana Sheriffs' Pension and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; or, age 55 and 15 years of service. See the section below entitled "Post-Employment Benefit Plan Eligibility Requirements" for the assumption as to time of actual retirement.

Life insurance coverage is continued to retirees and the blended rate (active and retired) is \$0.58 per \$1,000 of insurance. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at the earlier of retirement or age 70. The employer pays 100% of the cost of the retiree life insurance. Since GASB 45 requires the use of "unblended" rates, the actuary used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates

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

Funding Policy

Until fiscal year ended June 30, 2008, the Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Washington Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and, thus, financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, Washington Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$114,927 and \$118,047, respectively.

Effective July 1, 2009, the Washington Parish Sheriff implemented GASB Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 8. Post-Employment Benefits (Continued)

Annual Required Contribution

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

	2014	2013
Normal Cost	\$ 78,722	\$ 69,709
30-Year UAAL Amortization Amount	<u>159,819</u>	<u>174,565</u>
Annual Required Contribution (ARC)	<u>\$ 238,541</u>	<u>\$ 244,274</u>

Net Post-Employment Benefit Obligation

The table below shows the Washington Parish Sheriff's Net Other Post-Employment Benefit (OPEB) Obligation for fiscal years ended June 30th:

	2014	2013
Beginning Net OPEB Obligation	\$ 478,637	\$ 358,807
Annual Required Contribution	238,541	244,274
Interest on Net OPEB Obligation	19,146	14,353
ARC Adjustment	(27,680)	(20,750)
OPEB Cost	<u>230,007</u>	<u>237,877</u>
Contribution	-	-
Current Year Retiree Premium	<u>(114,927)</u>	<u>(118,047)</u>
Change in Net OPEB Obligation	<u>115,080</u>	<u>119,830</u>
Ending Net OPEB Obligation	<u>\$ 593,717</u>	<u>\$ 478,637</u>

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 8. Post-Employment Benefits (Continued)

Net Post-Employment Benefit Obligation (Continued)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2014	\$ 230,007	49.96%	\$ 593,717
June 30, 2013	\$ 237,877	49.70%	\$ 478,637

Funded Status and Funding Progress

In 2014 and 2013, the Washington Parish Sheriff made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) as of June 30, 2014, was \$2,874,141, which is defined as that portion, as determined by a particular actuarial cost method (the Washington Parish Sheriff uses the Projected Unit Credit Cost Method) of the actuarial present value of post-employment plan benefits and expenses, which is not provided by normal cost.

	2014	2013
Actuarial Accrued Liability (AAL)	\$ 2,874,141	\$ 3,139,388
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,874,141</u>	<u>\$ 3,139,388</u>
Funded Ratio (AVP/AAL)	0%	0%
Covered Payroll (Active Plan Members)	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A

Note 8. Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

Actuarial Value of Plan Assets

There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6 will be used, as provided in paragraph number 125 of GASB 45.

Turnover Rate

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. It has been assumed that 15% of retirees decline life insurance at time of retirement.

Post-Employment Benefit Plan Eligibility Requirements

Historically, most employees have not retired until 20 to 25 years of service. We have therefore assumed that employees retire three years after the earliest of the following: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 8. Post-Employment Benefits (Continued)

Investment Return Assumption (Discount Rate)

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

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate

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

Method of Determining Value of Benefits

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

Inflation Rate

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.5% annually.

Projected Salary Increases

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

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 8. Post-Employment Benefits (Continued)

Post-Retirement Benefit Increases

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

Below is a summary of OPEB cost and contributions for the last three fiscal years:

	FY 2012	FY 2013	FY 2014
OPEB Cost	\$ 230,645	\$ 237,877	\$ 230,007
Contribution	-	-	-
Retiree Premium	109,303	118,047	114,927
Total Contribution and Premium	109,303	118,047	114,927
Change in Net OPEB Obligations	\$ 121,342	\$ 119,830	\$ 115,080
% of Contribution to Cost	0%	0%	0%
% of Contribution Plus Premium to Cost	47%	50%	50%

Note 9. Pension Plan

Substantially all employees of the Washington Parish Sheriff are members of the state individual retirement system known as the Louisiana Sheriffs' Pension and Relief Fund (the System), a multiple-employer defined benefit, cost sharing, public employee retirement system, administered and controlled by a separate board of trustees.

Plan Description

Participation is mandatory for all sheriffs and deputies who are found to be physically fit, who on the date of application to become a member, is age 18 or older, and whose monthly salary, including state supplemental pay, is not less than \$400 if employed before January 1, 1991; \$550 if employed after December 31, 1990; or \$800 if employed on or after January 1, 2000. Membership is mandatory for any non-deputized person employed in a sheriff's office whose monthly salary is not less than \$800, and who, on the date of application to become a member, is age 18 or older.

Any member whose first employment making him eligible for membership in the System began prior to January 1, 2012, is eligible for normal (regular) retirement if the member has 12 years or more of creditable service and has reached the age of 55. Any member whose first employment making him eligible for membership in the System began on or after January 1, 2012, is eligible for normal retirement when the member reaches the age of 62 and has 12 years or more creditable service.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 9. Pension Plan (Continued)

Plan Description (Continued)

All eligible members will receive a benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service. The percentage factor to be used for each year of service is 3.33%. In any case, the retirement benefit cannot exceed 100% of final average salary. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 or 62, depending on when they first became eligible, and receive benefits accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55, if hired prior to January 1, 2012, or age 60, if hired after January 1, 2012, with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0500.

Funding Policy

System members are required by state statute to contribute 10% of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 13.25% of annual covered payroll. The contribution requirements of System members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ended June 30, 2014, 2013, and 2012, were \$423,737, \$380,942, and \$420,371, respectively, equal to the required contribution for each year.

Note 10. Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To handle such risks of loss, the Sheriff maintains commercial insurance coverage, automobile liability, medical payments, uninsured motorists, and surety bond coverage. The Washington Parish Sheriff participates in the Louisiana Sheriffs' Law Enforcement Program to provide excess liability insurance and law enforcement professional liability insurance. No claims were paid in the last three years that exceeded the policies' coverage amounts. There have been no significant reductions in the insurance coverage during the year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Sheriff.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 11. Litigation and Claims

From time to time, the Sheriff is involved in litigation arising from normal day to day operations. In the opinion of the Sheriff's legal counsels, the resolution of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

Note 12. Taxes Paid Under Protest

Taxes paid under protest, plus interest earned to date on the investment of these funds, totaled \$147,513, at June 30, 2014.

Note 13. Joint Venture

The Sheriff, together with the City of Bogalusa Police Department, comprises the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the task force are funded by seizures awarded by the judicial system.

Note 14. Changes in Agency Fund Balances

A summary of changes in balances due to taxing bodies and others is as follows:

	Sheriff's Fund	Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Other Funds	Total
Balance at June 30, 2013	\$ 181,699	\$ 578,234	\$ 131,002	\$ 90,603	\$ 4,457	\$ 985,995
Additions	439,803	20,496,462	24,707,558	204,250	144,272	45,992,345
Deductions	(351,936)	(20,349,776)	(24,627,013)	(165,359)	(149,835)	(45,643,919)
Balance at June 30, 2014	\$ 269,566	\$ 724,920	\$ 211,547	\$ 129,494	\$ (1,106)	\$ 1,334,421

Note 15. Expenditures of the Sheriff Paid by the Parish Council

The Sheriff occupies various facilities owned by the Parish. The cost of maintaining and operating the jail, as required by Louisiana Revised Statute 33:4715, is required to be paid by the Washington Parish Government. The Washington Parish Government has failed to pay approximately \$20,000 per month in invoiced mandatory expenses that were paid by the Sheriff and submitted to Parish Government for reimbursement. The Parish Government argues that it has a legally adopted budget for a lesser amount and thus cannot exceed that budget in order to reimburse statutorily mandated expenses. It should be further noted that the Parish Government did not reimburse the Sheriff any amount for its invoiced mandatory expenses for October, November, and December, 2013, stating they had to cut their expenditures (including statutorily mandated expenses) in order to balance their budget. The Sheriff is of opinion that the Parish's stance is contrary to public law.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 16. Ex-Officio Tax Collector

At June 30, 2014, the Ad Valorem Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$281,368. The Tax Collector Fund had collected ad-valorem taxes and had ad-valorem taxes uncollected for the year ended June 30, 2014, by taxing body, as follows:

Taxing Body	Ad Valorem Tax Levy	Ad Valorem Tax Uncollected
Bogalusa School Board	\$ 4,698,885	\$ 25,498
Parish Government	4,137,646	16,593
Parish School Board	3,428,451	9,057
Law Enforcement	1,762,077	7,125
Hospital Service District	1,348,382	2,693
Assessor	863,369	3,491
Fire District No. 7	539,781	2,681
Council on Aging	450,167	1,820
Florida Parish Juvenile Ctr.	442,179	1,788
Bonner Creek Fire District No. 1	175,756	80
Varnado Fire District No. 6	161,521	1,213
Pine Fire District No. 4	138,481	-
Spring Hill Fire District No. 8	133,144	629
Richardson Fire District No. 2	121,213	139
Hayes Creek Fire District No. 3	79,844	-
Fire District No. 9	65,267	9
Angie Fire District No. 5	76,273	520
Forestry	20,632	-
Louisiana Tax Commission	4,350	-
Total	\$ 18,647,418	\$ 73,336

The majority of uncollected taxes consist of bankruptcy, adjudications, moveable, and immovable property.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA**

Notes to Financial Statements

Note 16. Ex-Officio Tax Collector (Continued)

At June 30, 2014, the Sales Tax Collector Fund had cash and interest-bearing deposits on hand totaling \$89,878. The total sales tax collections on behalf of other taxing authorities for the year ended June 30, 2014, was as follows:

Taxing Authority	Total Collections	Collection Cost	Distributed
City of Bogalusa	\$ 7,348,936	\$ 71,987	\$ 7,276,949
Parish Government	5,182,086	50,762	5,131,324
Parish School Board	4,464,508	43,733	4,420,775
Law Enforcement District	2,726,943	26,712	2,700,231
Bogalusa School Board	2,552,002	24,998	2,527,004
Town of Franklinton	2,266,499	22,202	2,244,297
Village of Angie	133,396	1,307	132,089
Village of Varnado	33,188	325	32,863
Totals	\$ 24,707,558	\$ 242,026	\$ 24,465,532

Note 17. Revenue Anticipation Note

On June 28, 2013, the Sheriff entered into a revenue anticipation note with a local bank with an issue amount of \$1,500,000. At June 30, 2014, \$1,500,000 was payable on the note which was due on June 30, 2014, with interest at a rate of 1.5%. The note is secured by future revenues of the Sheriff. On June 27, 2014, the note was renewed with a maturity date of June 30, 2015.

Note 18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 29, 2014, and determined that no events occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Schedule of Revenues, Expenditures, and
Change in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales and Use Taxes	\$ 2,375,000	\$ 2,375,089	\$ 2,441,144	\$ 66,055
Ad Valorem Taxes	1,810,000	1,884,505	1,838,972	(45,533)
Intergovernmental Revenues:				
Grant Revenue	500,000	46,584	286,921	240,337
State Supplemental Pay	230,000	309,574	263,093	(46,481)
State Revenue Sharing	132,000	130,344	131,504	1,160
Commissions	510,000	525,529	469,846	(55,683)
Civil and Criminal Fees	115,000	177,049	315,552	138,503
Feeding and Keeping of Prisoners	773,094	764,121	362,479	(401,642)
Interest Earnings	-	-	24	24
Other Revenues	88,000	32,555	72,534	39,979
Total Revenues	6,533,094	6,245,350	6,182,069	(63,281)
Expenditures				
Public Safety				
Personnel Services	3,825,000	4,615,442	4,810,594	(195,152)
Materials and Supplies	1,300,000	887,771	1,310,584	(422,813)
Feeding and Keeping of Prisoners	381,900	491,267	457,411	33,856
Contractual	250,000	565,396	327,564	237,832
Grant Expenditures	-	52,545	16,597	35,948
Continuing Education	8,000	34,702	9,152	25,550
Other	-	260,535	3,712	256,823
Capital Outlays	50,000	75,195	32,968	42,227
Debt Service				
Principal	1,146,000	333,000	-	333,000
Interest	22,194	22,757	20,136	2,621
Total Expenditures	6,983,094	7,338,610	6,988,718	349,892
Deficiency of Revenues Over Expenditures	(450,000)	(1,093,260)	(806,649)	286,611
Other Financing Sources				
Loan Proceeds	450,000	495,000	-	(495,000)
Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources	450,000	495,000	-	(495,000)
Change in Fund Balance	\$ -	\$ (598,260)	\$ (806,649)	\$ (208,389)
Fund Balance, Beginning of Year			(358,501)	
Fund Balance, End of Year			\$ (1,165,150)	

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
FIDUCIARY FUND - AGENCY FUNDS**

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Fund Descriptions
Fiduciary Fund - Agency Funds
June 30, 2014**

Sheriff's Agency Fund

The Sheriff's Agency Fund accounts for funds held in connection with civil suits and Sheriff's sales. It also accounts for the collections of bonds, probation fines, and costs and disbursement of these collections, in accordance with applicable law.

Tax Collector Agency Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and Parish taxes and fees. The Tax Collector Agency Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Sales Tax Collector Agency Fund

The Sheriff was selected by the Washington Parish Sales and Use Tax Centralization Commission to collect all sales and use taxes (except auto dealers) in Washington Parish beginning July 1, 1996. This fund accounts for the collection of those taxes and the remittance thereof to the various taxing bodies.

Inmate Agency Fund

The Inmate Agency Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentences.

Other Agency Funds

The other agency funds include the Flower Fund which accounts for receipts from employees and purchases of flowers and the Garnishment Fund which accounts for collection and disbursement of garnishments.

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Combining Statement of Net Position
Fiduciary Fund - Agency Funds
June 30, 2014

	Agency Funds					Total
	Sheriff's Fund	Tax Collector Fund	Sales Tax Collector Fund	Inmate Fund	Other Funds	
Assets						
Cash and Interest-Bearing Deposits	\$ 249,568	\$ 706,144	\$ 89,878	\$ 129,494	\$ (1,106)	\$ 1,173,978
Due from Taxing Bodies, Prisoners, and Others	19,998	18,776	121,669	-	-	160,443
Total Assets	\$ 269,566	\$ 724,920	\$ 211,547	\$ 129,494	\$ (1,106)	\$ 1,334,421
Liabilities						
Due to Taxing Bodies, Prisoners, and Others	\$ 269,566	\$ 724,920	\$ 211,547	\$ 129,494	\$ (1,106)	\$ 1,334,421
Total Liabilities	\$ 269,566	\$ 724,920	\$ 211,547	\$ 129,494	\$ (1,106)	\$ 1,334,421

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Ad Valorem Tax Affidavit
June 30, 2014

STATE OF LOUISIANA, PARISH OF WASHINGTON

AFFIDAVIT

Randy Seal, Sheriff of Washington Parish

BEFORE ME, the undersigned authority, personally came and appeared, **Randy Seal**, the Sheriff of Washington Parish, State of Louisiana, who after being duly sworn, deposed and said:


The following information is true and correct:

\$281,368 is the amount of cash on hand in the Ad Valorem Tax Collector Fund on June 30, 2014.

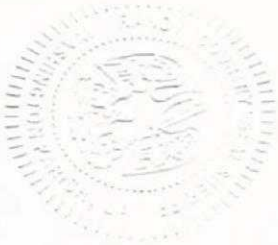
He further deposed and said:

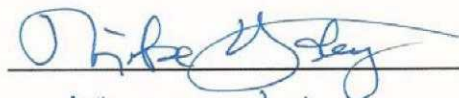
All itemized statements of the amount of taxes collected for tax year 2014, by taxing authority, are true and correct.

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.


Randy Seal
Sheriff of Washington Parish

SWORN to and subscribed before me, Notary, this 6th day of JANUARY, 2015, in my office in Washington Parish, Louisiana.



 (Signature)

Mike Haley (Print), # 87060
Notary Public

Expires 6/30/16 (Commission)



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**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**

Independent Auditor's Report

The Honorable Randy Seal
Washington Parish Sheriff
Washington Parish, 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, each major fund, and the aggregate remaining fund information of the Washington Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Washington Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 Washington Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Washington Parish Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency described in the accompanying schedule of findings and responses to be a material weakness: 2014-001.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washington 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2014-002.

Washington Parish Sheriff's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff'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 Sheriff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 29, 2014

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Section I - Internal Control Over Financial Reporting

2014-001 Inmate Fund

Criteria: For effective internal controls over inmate funds, each Inmate Fund transaction should be properly supported with appropriate documentation. Louisiana Criminal Code, Article 228 requires that the Sheriff provide a written notice to the prisoner of the Sheriff's right to dispose of any unclaimed property, which must be signed by the prisoner on the release or transfer of said prisoner. This Article also sets forth the requirements to dispose of such property.

Condition: For the year ended June 30, 2014, we tested 21 Inmate Fund transactions, of which 13 were lacking support for either disbursement and/or deposit records during the year.

Cause: Oversight by management.

Effect: Ineffective controls over Inmate Fund transactions and inmates have been discharged without payment of remaining balance in their inmate account.

Recommendation: We recommend that each Inmate Fund transaction be properly supported with documentation for all disbursements and deposits. The Sheriff should follow Louisiana Criminal Code, Article 228.2 in disposing of property unclaimed by inmates.

Management's Response: The Sheriff will implement procedures to ensure that documentation over Inmate Fund transactions is retained.

WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2014

Section II - Compliance and Other Matters

2014-002 Collateralization of Deposits

Criteria: Louisiana Revised Statute (L.R.S.) 39.1225 requires banks to collateralize all public deposits in excess of federal depository insurance by a pledge of securities or letter of credit.

Condition: A local bank which held a portion of the Sheriff's deposits failed to completely collateralize uninsured deposits. At June 30, 2014, \$467,622 of deposits at the local bank were susceptible to loss due to inadequate collateralization.

Cause: Unknown.

Effect: Noncompliance with L.R.S. 39:1225.

Recommendation: The Sheriff should instruct the bank to pledge additional securities or letters of credit to completely collateralize uninsured deposits.

Management's Response: The Sheriff will instruct the bank to pledge additional collateral.

**WASHINGTON PARISH SHERIFF
FRANKLINTON, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2014**

2013 - 1

Condition: During our testing, several disbursements were lacking either invoices or other supporting documentation.

Status: This finding has been resolved.

2013 - 2

Condition: During our testing of the Inmate Agency Fund we noted numerous inmate accounts with balances which were not paid to the inmate upon discharge from the jail.

Status: This finding has not been resolved. See finding 2014-001.

2013 - 3

Condition: Annual expenditures report, as required by L.R.S. 42:283, was not submitted.

Status: This finding has been resolved.

2013 - 4

Condition: The audit for 2013 was submitted late.

Status: This finding has been resolved.

2013 - 5

Condition: Inadequate collateralization of deposits.

Status: This finding has not been resolved. See finding 2014-002.



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December 29, 2014

To the Honorable Randy Seal
Washington Parish Sheriff
Washington Parish, LA 70122

Dear Sir:

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Washington Parish Sheriff (the Sheriff) for the year ended June 30, 2014. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Sheriff’s practices and procedures.

Supporting Documentation for Credit Card Transactions:

In testing a sample of 30 credit card transactions, we noted 9 purchases which did not contain all of the documentation recommended by the Louisiana Legislative Auditor. One (1) purchase did not include itemized receipts. The Louisiana Legislative Auditor recommends that purchases of meals contain the following supporting documentation:

1. Itemized receipt of goods or services
2. Documentation that purchase was for the use of the Sheriff
3. Listing of attendees for any travel, event, or meal purchases
4. Signed and dated expense form

While the Sheriff has a credit card policy that all credit card users are required to sign and controls are in place to request the aforementioned documentation, we recommend that the Sheriff more stringently enforce the requirement of obtaining supporting documentation from card users that would allow for the immediate identification of the goods and services purchased, the purpose of the purchase, those partaking in the purchase (if for travel, event, or meal), and an expense form noting approval of the purchase. We also recommend that the credit card policy be modified so as to more specifically define the documentation that is required for any charge to the credit card.

Management’s Response:

The Sheriff will implement a revised policy and procedures which will ensure that credit purchases are adequately documented in accordance with the Legislative Auditor’s recommendations

* * * * *

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To the Honorable Randy Seal
Washington Parish Sheriff
December 29, 2014
Page 2

This letter is intended solely for the information and use of the Sheriff, management, and others within the Sheriff's Office, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate serving the Sheriff and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Sincerely,

A handwritten signature in cursive script that reads "LaPorte". The letters are fluid and connected, with a prominent loop at the end of the word.

LAPORTE
A Professional Accounting Corporation