

ST. MARY PARISH SHERIFF

Franklin, Louisiana

Financial Report

Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mark A. Hebert
 St. Mary Parish Sheriff
 Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2013, 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

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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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress related to other postemployment benefits on pages 35 - 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

The schedules of individual funds and sworn statement are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of individual funds and sworn statement are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the St. Mary Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Mary Parish Sheriff's internal control over financial reporting and compliance.

Dannall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

December 20, 2013

FINANCIAL SECTION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Position
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 2,070,314
Receivables:	
Due from other governmental units	905,717
Other receivables	68,711
Prepaid expenses	52,028
Capital assets, net of accumulated depreciation	<u>1,479,700</u>
Total assets	<u>\$ 4,576,470</u>

LIABILITIES

Accounts, salaries, and other payables	\$ 805,267
Due to taxing bodies and others	1,466
Long-term liabilities:	
Due within one year	258,635
Due after one year	<u>3,678,610</u>
Total liabilities	<u>4,743,978</u>

NET POSITION

Net investment in capital assets	1,479,700
Restricted for Law Enforcement Sub-District No. 1	783,919
Unrestricted	<u>(2,431,127)</u>
Total net position	<u>\$ (167,508)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue And Changes in Net Position
					Governmental Activities
Governmental activities:					
Public safety	\$ 15,898,850	\$ 3,431,495	\$ 863,784	\$ 208,705	\$ (11,394,866)
General Revenues:					
					6,852,562
					2,684,335
					185,356
					516,836
					4,319
					48,894
					9,492
					<u>10,301,794</u>
					(1,093,072)
					<u>925,564</u>
					<u>\$ (167,508)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Balance Sheet – Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,213,030	\$ 857,284	\$ 2,070,314
Receivables:			
Due from other governmental units	905,717	-	905,717
Other receivables	68,711	-	68,711
Due from other funds	73,365	-	73,365
Prepaid expenses	<u>52,028</u>	<u>-</u>	<u>52,028</u>
Total assets	<u>\$ 2,312,851</u>	<u>\$ 857,284</u>	<u>\$ 3,170,135</u>
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts, salaries, and other payables	\$ 805,267	\$ -	\$ 805,267
Due to taxing bodies and others	1,466	-	1,466
Due to other funds	<u>-</u>	<u>73,365</u>	<u>73,365</u>
Total liabilities	<u>806,733</u>	<u>73,365</u>	<u>880,098</u>
Fund equity:			
Restricted for Law Enforcement			
Sub-District No. 1	-	783,919	783,919
Unassigned	<u>1,506,118</u>	<u>-</u>	<u>1,506,118</u>
Total fund equity	<u>1,506,118</u>	<u>783,919</u>	<u>2,290,037</u>
Total liabilities and fund equity	<u>\$ 2,312,851</u>	<u>\$ 857,284</u>	<u>\$ 3,170,135</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balances - governmental funds		\$	2,290,037
Amounts reported for governmental activities in the statement of net position are different because:			
Cost of capital assets at June 30, 2013	3,941,191		
Less: Accumulated depreciation as of June 30, 2013:			
Equipment	(824,692)		
Furniture	(29,538)		
Vehicles, boats, and trailers	(1,480,824)		
Buildings and improvements	<u>(126,437)</u>		
			1,479,700
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			
Long-term liabilities at June 30, 2013:			
Workman's compensation	(71,115)		
Compensated absences payable	(274,627)		
Other postemployment benefit obligations	<u>(3,591,503)</u>		
			<u>(3,937,245)</u>
Total net position - governmental activities		\$	<u>(167,508)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
Revenues:			
Ad valorem taxes	\$ 6,700,877	\$ 151,685	\$ 6,852,562
Sales taxes	2,684,335	-	2,684,335
Intergovernmental revenues -			
Federal grants	360,308	-	360,308
State grants	43,013	-	43,013
Parish grants	24,900	-	24,900
State revenue sharing	185,356	-	185,356
State supplemental pay	644,268	-	644,268
Salary supplemental pay	350,557	-	350,557
Video poker	236,836	-	236,836
Indian gaming	55,000	-	55,000
Riverboat gaming	225,000	-	225,000
Fees, charges, and commissions for service -			
Civil and criminal fees	545,920	-	545,920
Court attendance	15,368	-	15,368
Transporting of prisoners	24,827	-	24,827
Feeding and keeping of prisoners	2,015,229	-	2,015,229
Fines and forfeitures	303,266	-	303,266
Commissary sales	101,394	-	101,394
Other	74,934	-	74,934
Investment income	4,014	305	4,319
Miscellaneous	48,894	7,469	56,363
Total revenues	14,644,296	159,459	14,803,755
Expenditures:			
Public safety:			
Personnel and related benefits	11,002,512	96,315	11,098,827
Operating services	1,440,030	8,999	1,449,029
Materials and supplies	2,071,180	20,802	2,091,982
Debt service	3,232	-	3,232
Capital outlay	549,539	51,592	601,131
Total expenditures	15,066,493	177,708	15,244,201
Excess (deficiency) of revenues over expenditures	(422,197)	(18,249)	(440,446)

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds (Continued)
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
Special item--Sale proceeds	\$ 9,492	\$ -	\$ 9,492
Change in fund balances	(412,705)	(18,249)	(430,954)
Fund balances, beginning of year	1,918,823	802,168	2,720,991
Fund balances, end of year	<u>\$ 1,506,118</u>	<u>\$ 783,919</u>	<u>\$ 2,290,037</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

Year Ended June 30, 2013

Total net changes in fund balances- governmental funds	\$ (430,954)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	196,213
Payments of compensated absences and the workman's compensation liability are expenditures in the governmental funds, but these payments reduce long-term liabilities in the statement of net position.	(17,914)
Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not recorded as a fund expenditure.	<u>(840,417)</u>
Change in Net Position - Governmental Activities	<u>\$ (1,093,072)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Fiduciary Net Position
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 747,914
Occupational license and interest receivable	<u>1,035</u>
Total assets	<u>\$ 748,949</u>
LIABILITIES	
Accounts payable	\$ 1,155
Due to taxing bodies, prisoners and others	<u>747,794</u>
Total liabilities	<u>\$ 748,949</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The accounting and reporting policies of the St. Mary Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, the industry audit guide, *Audits of State and Local Governmental Units*, and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was implemented during the year ended June 30, 2013. This GASB statement incorporates deferred outflows and inflows of resources with assets and liabilities as the required components of the residual measure that is renamed net position, rather than net assets.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following governmental funds:

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

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

Use of Restricted Funds

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

Fiduciary Funds - Agency Funds

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

Capital Assets

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Equity Classifications

Government-wide Financial Statements:

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

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

Fund Financial Statements:

The Sheriff applies GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. See Note 11 for further explanation.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation and Sick Leave

Employees of the Sheriff's Office earn vacation leave based on time of service. Two weeks is earned for each year of service from one to six years, three weeks from seven to fifteen years of service and four weeks is earned for each year of service from sixteen years thereafter. Vacation leave is non-cumulative. One-half day of sick leave is earned each month up to seven years of service at which time the employee earns one day per month. Unused sick days are carried over and accumulated up to sixty days total. Sick leave is not compensable if an employee leaves the service of the St. Mary Parish Sheriff.

Use of Estimates

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

Net Other Postemployment Benefit Obligations

The Sheriff applies the provisions of GASB Statement No. 45 "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" This pronouncement requires the Sheriff to calculate and recognize a net *other postemployment benefit* (OPEB) obligation at June 30, 2013. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2009. See Note 23 for further details.

Subsequent Events

The Sheriff has evaluated subsequent events through December 20, 2013, the date the financial statements were available to be issued.

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and savings accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest - bearing demand deposits, savings accounts, 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. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

At June 30, 2013, the Sheriff has cash and cash equivalents (book balances) totaling \$2,818,228 as follows:

Demand deposits	\$ 2,788,124
Time and savings	<u>30,104</u>
Total	<u>\$ 2,818,228</u>

Of the above amount, \$747,914 is included in the Sheriff's fiduciary funds.

NOTE 3 CONCENTRATION OF CUSTODIAL CREDIT RISK FOR CASH DEPOSITS AND INVESTMENTS

Under state law, all funds deposited in a bank must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2013 were fully secured as follows:

Bank balances	<u>\$ 3,239,333</u>
Federal deposit insurance	\$ 532,735
Pledged securities	<u>6,797,430</u>
Total	<u>7,330,165</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$ 4,090,832</u>

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 AD VALOREM TAXES

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

For the year ended June 30, 2013, law enforcement district taxes applicable to the Sheriff's General Fund, were levied at the rate of 10.72 mills on property.

On October 2, 2010, the voters of Law Enforcement Sub-District No. 1 of St. Mary Parish approved a proposition to renew a 15.00 mills tax on all property subject to taxation in said district, beginning with the year 2011 and ending with the year 2015. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No.1. In the 2012 tax year, only 4.97 of mills were levied.

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2013, consist of the following:

Federal grants	\$ 51,728
Parish grants	684,588
State grants	<u>169,401</u>
Total	<u>\$ 905,717</u>

NOTE 6 ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2013, consist of the following:

Accounts payable	\$ 325,420
Accrued salaries and related benefits	346,256
Hospitalization insurance claims payable	<u>133,591</u>
Total accounts, salaries, and other payables	<u>\$ 805,267</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 112,729	\$ -	\$ -	\$ 112,729
Construction in progress	<u>-</u>	<u>92,618</u>	<u>-</u>	<u>92,618</u>
Total capital assets not being depreciated	<u>112,729</u>	<u>92,618</u>	<u>-</u>	<u>205,347</u>
Capital assets being depreciated:				
Equipment	1,272,241	49,704	(321,489)	1,000,456
Furniture	46,847	-	(17,309)	29,538
Vehicles, boats and trailers	2,110,408	451,341	(353,999)	2,207,750
Buildings and improvements	<u>498,100</u>	<u>-</u>	<u>-</u>	<u>498,100</u>
Total capital assets being depreciated	<u>3,927,596</u>	<u>501,045</u>	<u>(692,797)</u>	<u>3,735,844</u>
Less accumulated depreciation for:				
Equipment	(1,025,816)	(36,665)	237,789	(824,692)
Furniture	(46,847)	-	17,309	(29,538)
Vehicles, boats and trailers	(1,592,294)	(226,290)	337,760	(1,480,824)
Buildings and improvements	<u>(91,881)</u>	<u>(34,556)</u>	<u>-</u>	<u>(126,437)</u>
Total accumulated depreciation	<u>(2,756,838)</u>	<u>(297,511)</u>	<u>592,858</u>	<u>(2,461,491)</u>
Capital assets, being depreciated, net	<u>1,170,758</u>	<u>203,534</u>	<u>(99,939)</u>	<u>1,274,353</u>
Capital assets, net	<u>\$ 1,283,487</u>	<u>\$ 296,152</u>	<u>\$ (99,939)</u>	<u>\$ 1,479,700</u>

Depreciation expense of \$297,511 for the year ended June 30, 2013 was charged to the public safety function.

NOTE 8 PENSION PLANS

Substantially all employees of the Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund ("System"), a cost-sharing, multiple-employer defined benefit pension plan, controlled and administered by a separate board of trustees.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 PENSION PLANS (CONTINUED)

Plan members are required to contribute 10% of their annual covered salary to the system while the Sheriff is required to contribute at the statutory rate of 13.25% of the total annual covered payroll. The contributions of the plan 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, 2013, 2012, and 2011 were \$927,583, \$899,720, and \$873,084 respectively, equal to the required contribution for each year. A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802.

NOTE 9 CHANGES IN GENERAL LONG-TERM LIABILITIES

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

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
Compensated absences	\$ 253,481	\$ 293,857	\$ 272,711	\$ 274,627	\$ 255,403
Workman's compensation	74,347	-	3,232	71,115	3,232
Other postemployment benefits	<u>2,751,086</u>	<u>840,417</u>	<u>-</u>	<u>3,591,503</u>	<u>-</u>
Total	<u>\$ 3,078,914</u>	<u>\$ 1,134,274</u>	<u>\$ 275,943</u>	<u>\$ 3,937,245</u>	<u>\$ 258,635</u>

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

On January 1, 1995, both children were 18 or older and did not enroll in college; therefore, the monthly payments of \$538.72 were cut in half per R.S. 23:1232. The new monthly payments of \$269.36 began January 1995. The Sheriff's liability at June 30, 2013 is \$71,115. This amount was computed using a "Period Life Table" issued by the Social Security Administration.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 9 CHANGES IN GENERAL LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity for the Worker’s Compensation Judgment Payable as of June 30, 2013 are as follows. There is no interest associated with this liability.

Year Ending June 30,	Principal
2014	\$ 3,232
2015	3,232
2016	3,232
2017	3,232
2018	3,232
2019-2023	16,162
2024-2028	16,162
2029-2033	16,162
2034-2035	6,469
	<u>\$ 71,115</u>

NOTE 10 DEDICATIONS OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

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

NOTE 11 FUND BALANCES

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

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 11 FUND BALANCES (CONTINUED)

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

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

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

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

NOTE 12 CHANGES IN AGENCY FUND BALANCES

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

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
Sheriff's Fund	\$ 82,911	\$ 1,236,734	\$ 1,230,992	\$ 88,653
Bond Fund	369,420	1,598,565	1,754,621	213,364
Inmate Deposit Fund	13,797	490,246	470,841	33,202
Work Release Fund	142,861	853,728	770,831	225,758
Witness Fee Fund	1,500	-	1,500	-
Tax Collector Fund	4,721,614	59,083,520	63,617,162	187,972
Total	<u>\$ 5,332,103</u>	<u>\$ 63,262,793</u>	<u>\$ 67,845,947</u>	<u>\$ 748,949</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 13 DISTRIBUTION OF STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 516 of 2012 received during the year by the Tax Collector Agency Fund were allocated among the taxing bodies as follows:

St. Mary Parish:	
Council	\$ 100,113
Library	59,910
School Board	369,651
Hospital Districts	78,909
Waterworks Districts	9,963
Drainage Districts	109,665
Harbor and Terminal Districts	68,712
Sheriff	185,356
Assessment District	57,366
Pension Funds	<u>36,627</u>
Total	<u>\$ 1,076,272</u>

NOTE 14 UNSETTLED BALANCES OF THE TAX COLLECTOR FUND

The unsettled cash balance and receivables at June 30, 2013 of \$187,972 consists of the following:

Ad valorem taxes	\$ 77,616
Parish licenses	90,544
Interest earned on deposits and delinquent taxes	5,184
Redemptions	250
Tax notices, costs, etc.	<u>14,378</u>
	<u>\$ 187,972</u>

In prior year the unsettled balances due to taxing bodies and others in the agency funds included \$3,762,806 of taxes paid under protest plus interest earned to date on the investment of those funds totaling \$762,480. These funds were held pending resolution of the protest and were accounted for in the Tax Collector Agency Fund; however, these taxes were settled and distributed during the current year.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 15 AD VALOREM TAXES COLLECTED

The Tax Collector has collected and disbursed the following taxes for the year ended June 30, 2013, by taxing authority as follows:

LA Department of Agriculture	\$ 14,976
LA Tax Commission	6,466
St. Mary Parish:	
Levee District	2,846,713
Council	3,534,518
Library	3,320,724
School Board	19,336,390
Gravity Drainage	4,922,233
Waterworks Districts	768,985
Water and Sewer	2,881,801
Hospital Districts	2,297,757
Recreation Districts	2,615,065
Fire Protection	1,461,634
Sewerage Districts	494,898
Harbor and Terminal Districts	2,143,990
Mosquito Control	152,406
Sheriff	6,517,269
Assessment District	<u>1,709,478</u>
Total	<u>\$ 55,025,303</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 16 TAXES UNCOLLECTED AND UNSETTLED

The Tax Collector has not collected and disbursed the following taxes for the year ended June 30, 2013, by taxing authority as follows:

Parish Tax	\$ 62,876
Criminal Tax	6,257
Assessment District	29,955
St. Mary Library District	51,973
St. Mary Library District Bonds	11,358
School District #5	116,283
Constitutional School Tax	86,952
School District #1 Bonds	8,164
School District #2 Maintenance	42,033
School District #3 Maintenance	10,833
Ward 6 School Maintenance	69,416
4th Ward School Bonds	724
Consolidated Gravity #1	7,328
Wax Lake East Drainage	959
Wax Lake East Sub 1	77
Gravity Drainage #6	1,715
Consolidated Gravity #2	23,949
Water & Sewer District #1	29,097
Water & Sewer District #2	26,199
Water & Sewer District #4	319
Waterworks District #5	851
Waterworks District #6	152
Sewer District #5	648
Sewer District #8	14
Water & Sewer District #5	177
MC Harbor & Terminal District	39,481
West St. Mary Port	3,486
St. Mary Levee District	52,005
Law Enforcement District #1	111,499
Law Enforcement SubDistrict #1	179
Recreation District #1	9,215
Recreation District #2	30,391
Recreation District #3	23,786
Recreation District #4	43
Recreation District #5	262
Fire Protection District #2	472
Fire Protection District #3	2,196
Fire Protection District #11	228
Hospital District #1	12,451
Fire Protection District #7	63
Mosquito Control #1	186
Total	<u>\$ 874,252</u>

The majority of the uncollected taxes are for movable property. The seizure of movable property was not scheduled until after June 30, 2013.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 17 TAXES COLLECTED AND DISTRIBUTED ON BEHALF OF ANOTHER TAXING AUTHORITY

	Total Collections	Collection Costs	Final Distribution
St. Mary Parish Government			
Occupational License Tax	\$ 638,400	\$ 95,760	\$ 542,640
Insurance Premium Tax	<u>216,196</u>	<u>32,429</u>	<u>183,767</u>
Totals	<u>\$ 854,596</u>	<u>\$ 128,189</u>	<u>\$ 726,407</u>

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

NOTE 18 INTERFUND RECEIVABLES AND PAYABLES

	Interfund Receivables	Interfund Payables
General Fund:		
Special Revenue Funds	\$ 73,365	\$ -
Special Revenue Funds:		
General Fund	<u>-</u>	<u>73,365</u>
Total interfund receivables/payables	<u>\$ 73,365</u>	<u>\$ 73,365</u>

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

NOTE 19 LITIGATION AND CLAIMS

At June 30, 2013, the Sheriff is involved in several lawsuits claiming damages. In the opinion of the Sheriff's legal counsel, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 CONTINGENT LIABILITIES

On April 1, 2012, the Sheriff entered into an intergovernmental agreement with the Parish of St. Mary, Louisiana, related to the Parish jail facilities. Under the agreement, the Parish is responsible for establishing and maintaining all parish prisons in St. Mary Parish, including but not limited to, the Centerville Facility and the Courthouse Jail, which includes the provision of all equipment and supplies necessary for the establishment, operation, and proper maintenance of the jail. The Sheriff is responsible for the management and operation of the jail facilities.

The agreement assigns to the Parish, \$7 per day per Department of Public Safety and Corrections prisoner housed out of per diem payments received by the Sheriff from the Department of Corrections (D.O.C.) for housing of D.O.C. prisoners. Also during the first year of this agreement, the Sheriff will pay the Parish \$145,000 payable in quarterly installments commencing on the 1st day of April, 2012 and payable on the first day after the end of each subsequent quarter. This payment shall be reduced by the amount of the expenditures previously made by the Sheriff for maintenance or operational purposes. During the second year of the agreement, the Sheriff will pay the Parish \$100,000 payable in quarterly installments commencing on the 1st day of April, 2013. The quarterly requirements will be satisfied after the second year, and the Parish Council will bear the maintenance and operational expenses from this point forward unless either party requests an amendment of the agreement.

Based on this agreement, the Sheriff's payments to the Parish for the year ended June 30, 2013 totaled \$517,275, which was for the \$7 per prisoner per day calculation based on the per diem payments received by the Sheriff from the D.O.C and the quarterly installments. The first quarterly installment due in the current year to the Parish was reduced by maintenance and operational costs that the Sheriff had already incurred in the prior year of \$18,233; therefore, the first installment of the current year was only \$18,017.

NOTE 21 EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 22 SELF-INSURANCE FUND

The Sheriff has established a limited risk management program for group health insurance. In May 2008 the Sheriff hired Gilsbar, Inc. as administrator. During the fiscal year 2013, a total of \$1,651,357 was incurred in claims. The Sheriff purchased specific stop-loss commercial insurance for individual claims incurred in excess of \$60,000. Incurred but not paid claims of \$133,591 have been accrued as a liability in the General Fund. The unpaid claims liability was estimated based upon the claims incurred but not paid as of June 30, 2013, as per a report from the administrator of claims remitted through December 6, 2013. The accrual of other incremental costs that may be incurred related to these claims is immaterial and therefore excluded.

Incurred but not paid claims, July 1, 2011	\$ 111,479
Claims incurred	1,366,448
Claims paid	<u>(1,345,639)</u>
Incurred but not paid claims, June 30, 2012	132,288
Claims incurred	1,651,357
Claims paid	<u>(1,650,054)</u>
Incurred but not paid claims, June 30, 2013	<u>\$ 133,591</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 23 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. In applying the requirements of GASB Statement No. 45 during the year ended June 30, 2013, the Sheriff recognizes the cost of postemployment healthcare in the year in which the 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 postemployment medical benefits to employees upon actual retirement. The plan is a single-employer plan administered by Gilsbar, Inc. The plan issues a publicly available financial report. The report may be obtained by emailing RFBA Benefits & Actuarial Consulting at sfontenot@rfballc.com or by calling (504) 837-9116.

Funding Policy

Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. Employees hired prior to January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 55 and 12 years of service or age 60 and 10 years of service. Employees hired on or after January 1, 2012 are covered by a retirement system whose retirement eligibility provisions are as follows: age 62 and 12 years of service, age 60 and 20 years of service, or age 55 and 30 years of service. The employer pays a portion of the medical coverage for the retiree and dependents, depending on length of service at retirement. The Sheriff recognizes the cost as expenditure when paid during the year. The benefits are financed on a pay-as-you-go-basis.

For the year ended, June 30, 2013, the Sheriff's portion of health care funding cost for retired employees totaled \$323,781.

Annual Other Postemployment Benefit Cost

The Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level dollar, open amortization period of 30 years has been used. The total ARC for the fiscal year beginning July 1, 2012 is \$1,213,249, as set forth on the next page.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 23 OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual Other Postemployment Benefit Cost (Continued)

Normal cost	\$ 555,470
30-year UAL amortization amount	<u>657,779</u>
Annual required contribution (ARC)	<u>\$ 1,213,249</u>

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 Sheriff's net OPEB obligation:

Interest on net OPEB obligation	110,043
Adjustment to annual required contribution	<u>(159,094)</u>
Annual OPEB cost (expense)	1,164,198
Less: contributions made	<u>323,781</u>
Increase in net OPEB obligation	840,417
Net OPEB obligation - beginning of the year	<u>2,751,086</u>
Net OPEB obligation - end of the year	<u>\$ 3,591,503</u>

The Sheriff's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013, and the preceding fiscal years were as follows:

<u>Post Employment Benefit</u>	<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical	6/30/2011	\$ 1,194,327	18.44%	\$ 1,918,505
Medical	6/30/2012	\$ 1,132,378	26.47%	\$ 2,751,086
Medical	6/30/2013	\$ 1,164,198	27.81%	\$ 3,591,503

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 23 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of June 30, 2013, the Sheriff made no contributions to its postemployment benefits plan. The plan was not funded, has no assets, and has a funded ratio of zero. As of June 30, 2013, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$11,374,344, which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in the fiscal year ended June 30, 2013, the entire actuarial accrued liability of \$11,374,344 was unfunded.

The funded status of the plan as of June 30, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 11,374,344
Actuarial value of plan assets	_____ -
Unfunded actuarial accrued liability (UAAL)	<u>\$ 11,374,344</u>
Funded ratio (actuarial value of plan assets AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 7,686,483
UAAL as a percentage of covered payroll	147.98%

Actuarial Methods and Assumptions

Actuarial valuations of 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 turnover rate, retirement rate, health care cost trend rate, mortality rate, discount rate (investment return assumption), and the period to which the costs apply (past, current, or future years of service by employees), 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 presents 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.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 23 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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 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 the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of 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, 2012 actuarial valuation, the projected unit credit cost method was used. 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. The actuarial assumptions included a 4.0 percent investment rate of return and initial annual healthcare cost trend rate of 8.0 percent, scaling down to ultimate rates of 5.0 percent per year after the tenth year.

NOTE 24 REVENUE ANTICIPATION LOAN

During the year, the Sheriff borrowed \$1,000,000 from a local financial institution to cover operating costs until the entity's tax revenue was received. The balance was paid back in full during the year, and there was no liability at year end.

NOTE 25 SUBSEQUENT EVENT

The Parish Jail was closed in September 2013 because it was no longer cost effective to operate. The inmates were moved to the Law Enforcement Center and local municipal jails.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 6,800,000	\$ 6,715,750	\$ 6,700,877	\$ (14,873)
Sales taxes	2,300,000	2,552,911	2,684,335	131,424
Intergovernmental revenues -				
Federal grants	50,000	325,189	360,308	35,119
State grants	20,000	22,554	43,013	20,459
Parish grants	30,000	24,900	24,900	-
State revenue sharing	185,000	185,356	185,356	-
State supplemental pay	700,000	640,353	644,268	3,915
Salary supplemental pay	485,000	340,711	350,557	9,846
Video poker	230,000	230,283	236,836	6,553
Indian gaming	55,000	55,000	55,000	-
Riverboat gaming	225,000	225,000	225,000	-
Fees, charges, and commissions for service -				
Civil and criminal fees	575,000	514,550	545,920	31,370
Court attendance	15,000	14,984	15,368	384
Transporting of prisoners	20,000	22,827	24,827	2,000
Feeding and keeping of prisoners	2,150,000	1,996,197	2,015,229	19,032
Fines and forfeitures	175,000	281,213	303,266	22,053
Commissary sales	100,000	99,268	101,394	2,126
Other	55,000	64,208	74,934	10,726
Investment income	7,500	4,071	4,014	(57)
Miscellaneous	45,000	56,573	48,894	(7,679)
Total revenues	<u>14,222,500</u>	<u>14,371,898</u>	<u>14,644,296</u>	<u>272,398</u>
Expenditures:				
Public safety:				
Personnel and related benefits	11,127,000	11,119,574	11,002,512	117,062
Operating services	940,600	1,114,478	1,440,030	(325,552)
Materials and supplies	1,999,500	2,201,919	2,071,180	130,739
Debt service	3,232	6,745	3,232	3,513
Capital outlay	150,000	594,062	549,539	44,523
Total expenditures	<u>14,220,332</u>	<u>15,036,778</u>	<u>15,066,493</u>	<u>(29,715)</u>
Excess (deficiency) of revenues over expenditures	2,168	(664,880)	(422,197)	242,683

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund (Continued)
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Special item -- Sale proceeds	\$ -	\$ -	\$ 9,492	\$ (9,492)
Change in fund balance	2,168	(664,880)	(412,705)	233,191
Fund balance, beginning of year	<u>1,918,823</u>	<u>1,918,823</u>	<u>1,918,823</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,920,991</u>	<u>\$ 1,253,943</u>	<u>\$ 1,506,118</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – Special Revenue Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 140,000	\$ 151,457	\$ 151,685	\$ 228
Investment income	250	330	305	(25)
Miscellaneous	<u>-</u>	<u>20,000</u>	<u>7,469</u>	<u>(12,531)</u>
Total revenues	<u>140,250</u>	<u>171,787</u>	<u>159,459</u>	<u>(12,328)</u>
Expenditures:				
Public safety:				
Personnel and related benefits	102,000	100,342	96,315	4,027
Operating services	-	6,829	8,999	(2,170)
Materials and supplies	16,000	10,475	20,802	(10,327)
Capital Outlay	<u>-</u>	<u>71,207</u>	<u>51,592</u>	<u>19,615</u>
Total expenditures	<u>118,000</u>	<u>188,853</u>	<u>177,708</u>	<u>11,145</u>
Change in fund balance	22,250	(17,066)	(18,249)	(1,183)
Fund balance, beginning of year	<u>802,168</u>	<u>802,168</u>	<u>802,168</u>	<u>-</u>
Fund balance, end of year	<u>\$ 824,418</u>	<u>\$ 785,102</u>	<u>\$ 783,919</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Required Supplementary Information

NOTE 1 BASIS OF ACCOUNTING

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

NOTE 2 BUDGETARY PRACTICES

Budgetary Information

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the General Fund and Special Revenue Fund. These excess expenditures were covered by available fund balance in the funds.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Funding Progress – Other Postemployment Benefits
Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Project Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2010 *	\$ -	\$ 10,430,115	\$ 10,430,115	0.00%	\$ 7,449,353	140.01%
July 1, 2011	\$ -	\$ 10,936,869	\$ 10,936,869	0.00%	\$ 7,898,817	138.46%
July 1, 2012 **	\$ -	\$ 11,374,344	\$ 11,374,344	0.00%	\$ 7,686,483	147.98%

*The Sheriff opted to not have a full actuarial valuation performed, but instead had an estimated valuation performed based on the July 1, 2009 actuarial valuation.

**The Sheriff opted to not have a full actuarial valuation performed, but instead had an estimated valuation performed based on the July 1, 2011 actuarial valuation.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

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

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

Combining Balance Sheet
June 30, 2013

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Witness Fee Fund	Tax Collector Fund	Total
ASSETS							
Cash and cash equivalents	\$ 88,653	\$ 213,364	\$ 33,202	\$ 225,758	\$ -	\$ 186,937	\$ 747,914
Occupational license and interest receivable	-	-	-	-	-	1,035	1,035
Total assets	<u>\$ 88,653</u>	<u>\$ 213,364</u>	<u>\$ 33,202</u>	<u>\$ 225,758</u>	<u>\$ -</u>	<u>\$ 187,972</u>	<u>\$ 748,949</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,155
Due to taxing bodies, prisoners and others	88,653	213,364	33,202	225,758	-	186,817	747,794
Total liabilities	<u>\$ 88,653</u>	<u>\$ 213,364</u>	<u>\$ 33,202</u>	<u>\$ 225,758</u>	<u>\$ -</u>	<u>\$ 187,972</u>	<u>\$ 748,949</u>

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

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2013

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Witness Fee Fund	Tax Collector Fund	Total
Balances, beginning of year	\$ 82,911	\$ 369,420	\$ 13,797	\$ 142,861	\$ 1,500	\$ 4,721,614	\$ 5,332,103
Additions:							
Deposits -							
Sheriff's sales	1,116,664	-	-	-	-	-	1,116,664
Bonds	-	1,598,565	-	-	-	-	1,598,565
Garnishments	120,070	-	-	-	-	-	120,070
Inmate deposits	-	-	490,246	853,728	-	-	1,343,974
Taxes, fees, etc., paid to							
Tax Collector	-	-	-	-	-	58,227,809	58,227,809
Interest	-	-	-	-	-	855,711	855,711
Total additions	<u>1,236,734</u>	<u>1,598,565</u>	<u>490,246</u>	<u>853,728</u>	<u>-</u>	<u>59,083,520</u>	<u>63,262,793</u>
Total	<u>1,319,645</u>	<u>1,967,985</u>	<u>504,043</u>	<u>996,589</u>	<u>1,500</u>	<u>63,805,134</u>	<u>68,594,896</u>
Reductions:							
Taxes, fees, etc., distributed							
to taxing bodies and others	-	-	-	-	-	63,617,162	63,617,162
Deposits settled to -							
Sheriff's General Fund	204,856	201,546	335,142	407,892	-	-	1,149,436
St. Mary Parish Council	-	118,653	-	-	-	-	118,653
District Attorney	-	637,231	-	-	-	-	637,231
St. Mary Parish Clerk	51,858	75,871	-	-	-	-	127,729
St. Mary Parish Coroner	-	14,726	-	-	-	-	14,726
Indigent Defender Board	-	173,721	-	-	-	-	173,721
Acadiana Crime Lab	-	116,806	-	-	-	-	116,806
Injury Trust Fund	-	10,979	-	-	-	-	10,979
Municipal Police	-	25,510	-	-	-	-	25,510
Deputies	-	-	-	-	1,500	-	1,500
Litigants	845,627	215,457	-	315,529	-	-	1,376,613
Other settlements	128,651	164,121	-	-	-	-	292,772
Inmates	-	-	135,699	47,410	-	-	183,109
Total reductions	<u>1,230,992</u>	<u>1,754,621</u>	<u>470,841</u>	<u>770,831</u>	<u>1,500</u>	<u>63,617,162</u>	<u>67,845,947</u>
Balances, end of year	<u>\$ 88,653</u>	<u>\$ 213,364</u>	<u>\$ 33,202</u>	<u>\$ 225,758</u>	<u>\$ -</u>	<u>\$ 187,972</u>	<u>\$ 748,949</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Tax Collector Agency Fund

Statement of Collections, Distributions, and Unsettled Balances
Year Ended June 30, 2013

Unsettled balances, July 1, 2012	\$	4,721,614
Collections:		
Ad valorem taxes		56,830,177
State revenue sharing		1,076,272
Parish occupational licenses		34,169
Interest on:		
Delinquent taxes		854,326
Deposit of taxes, licenses, etc.		1,385
Tax notices, etc.		287,191
Total collections		<u>59,083,520</u>
Total		<u>63,805,134</u>
Distributions:		
Atchafalaya Basin Levee District/St. Mary Levee District		2,867,370
Timberland Fire District		14,976
Louisiana Tax Commission		9,908
St. Mary Parish:		
Council		5,224,150
Library		2,975,944
School Board		21,155,903
Drainage Districts		5,271,395
Waterworks Districts		1,105,410
Waterworks and Sewer Districts		2,898,633
Hospital Districts		2,584,114
Recreation Districts		2,778,512
Fire Protection Districts		1,519,189
Sewerage Districts		866,727
Harbor and Terminal Districts		2,267,696
Mosquito Control District No. 1		152,406
Sheriff		7,496,870
Assessment District		1,876,630
Refunds and Redemptions		583,240
Pension Funds		<u>1,968,089</u>
Total distributions		<u>63,617,162</u>
Unsettled balances, June 30, 2013, due to taxing bodies and others, (includes receivable of \$1,035)	\$	<u>187,972</u>

STATE OF LOUISIANA, PARISH OF ST. MARY

AFFIDAVIT

Mark A. Hebert, Sheriff of St. Mary Parish

BEFORE ME, the undersigned authority, personally came and appeared, Mark A. Hebert, the Sheriff of St. Mary Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$ 187,972.00 is the amount of cash on hand in the tax collector account on June 30, 2013;

He further deposed and said:

All itemized statements of the amount of taxes collected for the year 2012, by taxing authority, are true and correct.

All itemized statement 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 St. Mary Parish

SWORN to and subscribed before me, Notary, this 20th day of December 2013, in my office in Franklin, Louisiana.


(Signature)
Susan M. Crochet, # 61369
Ex-officio notary; commission expires 6/30/2016

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



**Darnall, Sikes,
Gardes & Frederick**SM

(A Corporation of Certified Public Accountants)

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

The Honorable Mark A. Hebert
St. Mary Parish Sheriff
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the St. Mary Parish Sheriff's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Mary 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 St. Mary Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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

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will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Mary 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*.

St. Mary Parish Sheriff's Response to Finding

The St. Mary Parish Sheriff's response to the finding identified in our audit is described in the accompanying schedule of management's corrective action plan for the current year findings. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes, Gaudes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 20, 2013

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

2012-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2013-001.

2012-2 Finding: Bond Fund, Due to Others Subsidiary Should be Reconciled to the Cash Balance

Status: This finding is resolved.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2013

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the St. Mary Parish Sheriff's financial statements as of and for the year ended June 30, 2013.

Internal Control Deficiencies – Financial Reporting

One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2013-001 in Part 2. We consider this to be a material weakness.

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2013.

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

The results of our tests disclosed one finding related to the audit of the June 30, 2013 financial statements.

2013-001 Inadequate Segregation of Accounting Functions

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

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

Effect: Inadequate internal controls within the accounting department.

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

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

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended June 30, 2013

Part 3: Findings Relating to Federal Programs

At June 30, 2013, the St. Mary Parish Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2013

Response to Finding 2013-001:

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