

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA

*Component Unit Financial Statements*  
*For the Year Ended December 31, 2017*

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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RUSTON, LOUISIANA  
FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Lincoln Parish Detention Center  
Ruston, Louisiana

### *Report on the Financial Statements*

I have audited the accompanying financial statements of the governmental activities of the Lincoln Parish Detention Center, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Center'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 controls 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*

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

To the Board of Commissioners  
Lincoln Parish Detention Center  
Ruston, Louisiana

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Lincoln Parish Detention Center, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 3-5 and 25-26 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived directly from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 my opinion, the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is fairly stated in all material respects in relation to the financial statements as a whole.

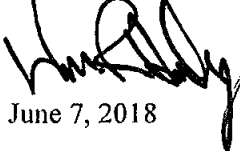
***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated June 7, 2018 on my consideration of the Center's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance.

To the Board of Commissioners  
Lincoln Parish Detention Center  
Ruston, Louisiana

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Parish Detention Center's internal control over financial reporting and compliance.

WILLIAM R. HULSEY (APAC)  
Certified Public Accountant



June 7, 2018

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LINCOLN PARISH DETENTION CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Lincoln Parish Detention Center provides the reader with an overview of the Center's activities for the years ended December 31, 2017 and 2016. Please read it in conjunction with the Lincoln Parish Detention Center's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Center as a whole.

**REPORTING THE LINCOLN PARISH DETENTION CENTER AS A WHOLE:**

**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Detention Center's net position and changes in them. The Detention Center's net position (the difference between assets and liabilities) measure the Detention Center's financial position. The increases or decreases in the Detention Center's net position are an indicator of whether its financial position is improving or not.

**THE DETENTION CENTER AS A WHOLE**

For the years ended December 31, 2017 and 2016, net position changed as follows:

	<u>2017</u>	<u>2016</u>
Beginning Net Position	\$ 3,876,785	\$ 3,484,553
Increase (Decrease) in Net Position	136,691	392,232
Ending Net Position	\$ 4,013,476	\$ 3,876,785



## THE DETENTION CENTER'S FUNDS

The following schedule presents a summary of the revenues and expenditures for the years ended December 31, 2017 and 2016

Revenues	2017	Percent of Total	2016	Percent of Total
Sales and use tax	\$ 2,516,336	57.33%	\$2,378,587	54.88%
Intergovernmental: Local grant	100,000	2.28%	100,000	2.27%
Charges for services	1,769,687	40.32%	1,734,457	42.52%
Rents and royalties	-	0.00%	-	0.00%
Other Revenues	1,100	0.03%	3,941	0.02%
Use of money and property	2,331	0.04%	1,049	1.31%
<b>Total Revenues</b>	<b>\$ 4,389,454</b>	<b>100.00%</b>	<b>\$4,414,730</b>	<b>100.00%</b>

Expenditures	2017	Percent of Total	2016	Percent of Total
Public Safety	\$2,550,273	71.82%	\$2,715,536	69.42%
Materials and supplies	383,802	9.55%	37,846	4.44%
Prisoner related charges	623,819	15.52%	1,056,176	24.87%
Capital Outlay	116,067	2.89%	81,375	1.27%
Intergovernmental	9,061	0.22%	-	0.00%
<b>Total Expenditures</b>	<b>\$4,020,579</b>	<b>100.00%</b>	<b>\$3,890,933</b>	<b>100.00%</b>

## BUDGETARY HIGHLIGHTS

The Detention Center's total revenues in 2017 showed a positive variance of \$210,304 when compared to the budget amount. Expenditures actually incurred were \$345,336 less than the budgeted amount with the significant portion of that variance shown in prisoner related charges. Prisoner related charges have always represented the major portion of budgeted expenditures and continue to decrease due to a cooperative agreement with the Lincoln Parish Sheriff Office that went into effect mid-year 2013. Due to an increase in pre-trial detainee population in the last few years, the budget for housing adult prisoners has significantly increased. This is due to the cost of housing prisoners out of parish.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At December 31, 2017, the Detention Center had investments in capital assets totaling \$5,876,503 (\$3,654,003 net of depreciation). The following is a schedule of those assets and the accumulated depreciation recognized as compared to December 31, 2016:

Assets	December 31, 2016 Balance	Additions	Disposals	December 31, 2017 Balance
Land	\$ 46,200	-	-	\$ 46,200
Construction in Progress	0	-	-	0
Building	3,842,223	-	-	3,842,223
Improvements	1,424,318	-	( 580)	1,423,738
Vehicles	174,578	-	-	174,578
Machinery & Equipment	420,890	-	( 31,126)	389,764
Total Historical Cost	5,908,209	-	( 31,706)	5,876,503
Less:				
Accumulated Depreciation	(3,496,782)	(185,530)	28,309	(3,654,003)
Capital Assets, Net	\$2,411,427	\$(185,530)	\$( 3,397)	\$2,222,500

Further details on capital assets are included in the notes to the financial statements.

#### **OTHER POST-EMPLOYMENT BENEFITS**

In the year ended December 31, 2017, the Lincoln Parish Detention Center has complied with requirements of Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. This statement requires that employers disclose the *Annual Required Contribution* and *Net Post-employment Benefit Obligation* as determined by actuarial computations.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Detention Center's revenues are derived mainly (57.33%) from sales and use taxes. The Center sales tax revenue remained fairly steady increasing by \$137,749 (8%) when compared to 2016. The Detention Center Commission will continue to monitor the situation closely and make adjustments where necessary to ensure that resources are utilized in a cost-effective manner.

#### **CONTACTING THE DETENTION CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Detention Center's finances and to show the Center's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact the following:

Contact Person: Mike Stone  
Title: Sheriff

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<i>Assets</i>	
Cash	\$ 1,333,095
Accounts Receivable	534,525
Due from LPPJ	318
Non-Depreciable Assets	46,200
Depreciable Assets	<u>2,176,300</u>
Total Assets	<u>4,090,438</u>
<i>Liabilities</i>	
Accounts Payable	165,963
Due To Other Governments - LPPJ	227
Postretirement Benefit Plan Payable	<u>33,712</u>
Total Liabilities	<u>199,902</u>
<i>Net Position</i>	
Net Investment in Capital Assets	2,222,500
Unrestricted	<u>1,668,036</u>
Total Net Position	<u>\$ 3,890,536</u>

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Function/Program Activities					
Government Activities:					
Public Safety	\$ 4,252,763	\$ 1,769,687	\$ 100,000	\$ -	\$ (2,383,076)

General Revenues:

Sales Taxes	2,516,336
Interest Earned	2,331
Miscellaneous Revenue	1,100
Total General Revenues	2,519,767
Changes in Net Position	136,691
Net Position - Beginning	3,876,785
Net Position - Ending	\$ 4,013,476

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

**FUND FINANCIAL STATEMENTS**

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 1,333,095
Accounts Receivable	534,525
Prepaid Expenses	-
Due from Other Governments - LPPJ	318
<b>TOTAL ASSETS</b>	<b>\$ 1,867,938</b>
 Liabilities and Fund Equity:	
<b>LIABILITIES</b>	
Accounts Payable	\$ 165,963
Due To Other Governments - LPPJ	227
Total Liabilities	166,190
 <b>FUND BALANCE</b>	
Unassigned	1,701,748
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,867,938</b>

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2017

Total Governmental Fund Balances	\$ 1,701,748
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,222,500
Unfunded postretirement benefit plan obligations are not financial expenditures and therefore are not reported in the funds.	(33,712)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<hr style="width:100%; border-top: 1px solid black;"/> -
Net Position of Governmental Activities	<hr style="width:100%; border-top: 3px double black;"/> \$ 3,890,536

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



LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>
Revenues:	
Special Sales and Use Tax	\$ 2,516,336
Intergovernmental Revenues:	
Local Grant	100,000
Charges for Services	1,769,687
Rents and Royalties	-
Interest Income	2,331
Miscellaneous Revenue	1,100
	<u>4,389,454</u>
 Expenditures	
Public Safety	
Personal Services	2,318,089
Operating Services	569,741
Materials and Supplies	383,802
Prisoner Related Charges	623,819
Capital Outlay	116,067
Intergovernmental	9,061
	<u>4,020,579</u>
 Deficiency of Revenues Over Expenditures	368,875
 Fund Balances, Beginning	<u>1,332,873</u>
 Fund Balances, Ending	<u><u>\$ 1,701,748</u></u>

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 368,875
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
 Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	-
Loss on Disposal Assets	(3,397)
Depreciation expense	(185,530)
	(188,927)
Postretirement benefit plan expenditures	(43,257)
Change in Net Position in Governmental Activities	\$ 136,691

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA

AGENCY FUNDS  
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Inmate Trust Funds Agency Fund</u>	<u>Work Release Program Agency Fund</u>	<u>Inmate Special Work Program Agency Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 41,714	\$ 12,712	\$ 65,275	\$ 119,701
<b>TOTAL ASSETS</b>	<u>41,714</u>	<u>12,712</u>	<u>65,275</u>	<u>119,701</u>
<b>Liabilities</b>				
Deposits Due Inmates	41,714	12,712	65,275	119,701
<b>TOTAL LIABILITIES</b>	<u>\$ 41,714</u>	<u>\$ 12,712</u>	<u>\$ 65,275</u>	<u>\$ 119,701</u>

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Detention Center Commission is the governing authority for the Lincoln Parish Detention Center (the Center). The Commission, under the provisions of the Louisiana Revised Statute 18:48, is responsible for the care, custody, and control of the prisoners confined to the Center.

The Center complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Center’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Lincoln Parish Police Jury is the financial reporting entity for Lincoln Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Lincoln Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of its governing body, the Center was determined to be a component unit of the Lincoln Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Center and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

*Government-Wide Financial Statements* – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements* – The 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. The Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end.

Principal revenue sources considered susceptible to accrual include sales and use taxes, local grants, and state reimbursement for the detention of state prisoners held in the Parish Detention Center. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Center's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period.

Other revenues are considered to be measurable and available only when cash is received by the Center. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2017 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The financial activities of the Center are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Center uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

*General Fund* – This fund accounts for all activities of the Center not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services and social services.

Use of 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 and expenses during the reporting period. Actual results could differ from those estimates.

Budgeting Procedures

Budgetary practices of the Center include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgets are prepared on a modified accrual basis of accounting.

The board is authorized to transfer budget amounts within a function by object classification; however, any revisions that alter the total expenditures of any function must be approved by the board. Budgeted amounts shown in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

The board approves total budget appropriations, is authorized to transfer budget amounts between departments within any fund, and alters the total appropriations of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however for report purposes, this level has expanded to a functional basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Detention Center may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Detention Center may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Valuation of Carrying Amounts of Deposits

Cash is reported at net book value – the year end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Annual and Sick Leave

Employees accrue from five to fifteen days of annual and sick leave each year depending on years of service with the Detention Center for a total of not more than 60 days. Similarly, employees are not paid for accrued sick leave upon resigning or retiring, but accrued sick leave may be applied against total employment years at retirement.

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted Fund Balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the commissioners– the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the police jurors remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

*Assigned Fund Balance* – This classification reflects the amounts constrained by the Center’s “intent” to be used for specific purposes, but are neither restricted nor committed. The commissioners and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned Fund Balance* – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Center’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

NOTE 2 – CASH AND CASH EQUIVALENTS

*Custodial Credit Risk – Deposits.* The custodial credit risk is the risk that in the event of a bank failure, the Center’s deposits may not be returned to it. The Center’s policy to ensure there is no exposure to this risk is to require each financial institution to pledge its’ own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 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 Center that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Center had no custodial credit risk related to its deposits at December 31, 2017. The Center had cash and cash equivalents in demand deposits, totaling \$1,333,095 at December 31, 2017.

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2017, are secured, as follows:

Bank Balances	<u>\$1,245,781</u>
FDIC Insurance	250,000
Pledged Securities (uncollateralized)	<u>1,300,489</u>
Total	<u>\$1,550,489</u>



LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2017 is as follows:

	December 31, 2016			December 31, 2017
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Non-Depreciable Assets:				
Land	\$ 46,200	\$ -	\$ -	\$ 46,200
Depreciable Assets:				
Building	3,842,223	-	-	3,842,223
Improvements	1,424,318	-	( 580)	1,423,738
Vehicles	174,578	-	-	174,578
Furniture & Fixtures	113,462	-	( 5,620)	107,842
Machinery & Equipment	<u>307,428</u>	-	<u>( 25,506)</u>	<u>281,922</u>
Totals at Historical Cost	<u>5,862,009</u>	-	<u>( 31,706)</u>	<u>5,830,303</u>
Less Accumulated Depreciation for:				
Building	(2,939,301)	( 86,450)	-	( 3,025,751)
Improvements	( 248,387)	( 62,116)	430	( 310,073)
Vehicles	( 56,911)	( 22,446)	-	( 79,357)
Furnitures & Fixtures	( 102,007)	( -)	5,026	( 96,981)
Machinery & Equipment	<u>( 150,176)</u>	<u>( 14,518)</u>	<u>22,853</u>	<u>( 141,841)</u>
Total Accumulated Depreciation	<u>(3,496,782)</u>	<u>( 185,530)</u>	<u>28,309</u>	<u>(3,654,003)</u>
<b><u>CAPITAL ASSETS, NET</u></b>	<b><u>\$2,411,427</u></b>	<b><u>\$( 185,530)</u></b>	<b><u>\$( 3,397)</u></b>	<b><u>\$ 2,222,500</u></b>

Depreciation was charged to the Public Safety function of the Center for \$185,530.

NOTE 4 - ACCOUNTS RECEIVABLE

The account receivable at December 31, 2017, is as follows:

Sales and Use Tax	\$ 49,475
City of Ruston	-
Louisiana Department of Corrections	378,338
Other Receivables	<u>106,712</u>
Total	<u>\$ 534,525</u>

Based on prior experience, the uncollectible receivables are considered immaterial, thus no provision has been made for such loss in these financial statements.

NOTE 5 - PENSION PLAN

Plan Description

The Parochial Employees' Retirement System, a Public Employee Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, Title II, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Plan Description (continued)

Under the Parochial Retirement System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's coverage monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation.

Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death under certain conditions are payable to the retiree's surviving spouse and minor children. The Center's Payroll is included in the Lincoln Parish Police Jury, primary government financial statements.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy

Under the plan, members are required by state statute to contribute 10.25% of their annual covered salary and the Detention Center is required to contribute at an actuarially determined rate. The current rate is 13.25% of annual covered payroll. The Detention Center began reimbursing the Lincoln Parish Sheriff's Office for salaries and benefits that are paid by the Sheriff for its employees who work at the Center in 2014. The Center's contributions to the System for the years ending December 31, 2017, 2016, and 2015 were \$215,766, \$200,286, and \$213,994, respectively, equal to the required contributions for each year.

NOTE 6 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Detention Center may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Lincoln Parish Detention Center. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32 and No. 34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Detention Center.

NOTE 7 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Commission for the Center receive no compensation.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 – POST-EMPLOYMENT BENEFITS

**Post-employment benefits**

**Plan Description** – The Center’s medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Dental insurance coverage is provided to retirees. The employer pays 90 to 95% of the cost of the dental insurance (depending on the plan) for the retiree and 50% for dependents. We have used the unblended rates provided and included the actuarial cost and liability in the valuation of the medical benefits. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

Life insurance coverage is available to retirees based on blended rate (active and retired). The employer pays 100% of the cost of the retiree life insurance, but it is based on this blended rate. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. 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. Retiree insurance coverage amounts are reduced to 50% of the original level before retirement.

**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.

**Fund Policy** – Until 2008, the Center recognized the cost of providing post-employment medical and life insurance benefits (the Center’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Center’s portion of health care and life insurance funding cost for retired employees totaled \$72,196 and \$101,361, respectively.

Effective January 1, 2008, the Center implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Annual Required Contribution** – The Center’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. 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 Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 54,476	\$ 0
30-year UAL amortization amount	60,807	52,537
Annual required contribution (ARC)	<u>\$ 115,283</u>	<u>\$ 52,537</u>

**Net Post-employment Benefit Obligation (Asset)** – The table below shows the Center’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending December 31:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ (9,545)	\$ 39,992
Annual required contribution	115,283	52,537
Interest on Net OPEB Obligation	(382)	1,600
ARC Adjustment	552	(2,313)
OPEB Cost	<u>115,453</u>	<u>51,824</u>
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(72,196)</u>	<u>(101,361)</u>
Change in Net OPEB Obligation	43,257	(49,538)
Ending Net OPEB Obligation	<u>\$ 33,712</u>	<u>\$ (9,545)</u>

The following table shows the Center’s annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
December 31, 2017	\$ 115,453	62.53%	\$ 33,712
December 31, 2016	\$ 51,824	195.59%	\$ (9,545)

**Funded Status and Funding Progress** – In 2017 and 2016, the Center 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 January 1, 2017 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$1,093,531 which is defined as that portion, as determined by a particular actuarial cost method (the Center 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.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 1,093,531	\$ 944,809
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 1,093,531	\$ 944,809
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 1,570,149	\$ 1,277,542
UAAL as a percentage of covered payroll	69.65%	73.96%

**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 the Center and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Center 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 the Center and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

**Actuarial Value of Plan Assets** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

**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 5%.

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Post employment Benefit Plan Eligibility Requirements** – Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)** – GASB Codification Section P50 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 flat annual rate of 5.5%. There has not been any trend applied after Medicare eligibility because of the high Medicare supplemental benefit rates and the fact that Medicare is the primary coverage.

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

**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 90 to 95% of the cost of the medical insurance (depending on the plan) for the retiree and 50% for dependents. Medical and dental coverage is not provided after age 65 to retirees who were hired on and after January 1, 2008. The rates provided are "unblended" rates as required by GASB 45.

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

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

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.**

OPEB Costs and Contributions			
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 49,003	\$ 51,824	\$ 115,453
Contribution	0	0	0
Retiree premium	93,853	101,361	72,196
Total contribution and premium	<u>93,853</u>	<u>101,361</u>	<u>72,196</u>
Change in net OPEB obligation	\$ <u>-44,850</u>	\$ <u>-49,537</u>	\$ <u>43,257</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	191.53%	195.59%	62.53%

**NOTE 9 - LITIGATION AND CLAIMS**

According to the Parish District Attorney, the Lincoln Parish Detention Center had no pending or threatened litigation as of December 31, 2017.

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 7, 2018, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)  
BUDGETARY COMPARISON SCHEDULES**



LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Special Sales and Use Tax	\$ 2,060,000	\$ 2,480,000	\$ 2,516,336	\$ 36,336
<u>Intergovernmental Revenues:</u>				
Local Grant	100,000	100,000	100,000	-
Charges for Services	1,496,400	1,802,520	1,769,687	(32,833)
Miscellaneous Revenue	750	2,750	3,431	681
<b>Total Revenues</b>	<b>3,657,150</b>	<b>4,385,270</b>	<b>4,389,454</b>	<b>4,184</b>
<u>Expenditures (Outflows):</u>				
<u>Public Safety</u>				
Personal Services	2,235,400	2,362,400	2,318,089	44,311
Operating Services	590,050	554,050	569,741	(15,691)
Prisoner Related Charges	1,037,000	1,099,000	623,819	475,181
Other General	67,000	73,000	383,802	(310,802)
Capital Outlay	85,000	93,000	116,067	(23,067)
Intergovernmental	10,000	10,000	9,061	939
<b>Total Expenditures</b>	<b>4,024,450</b>	<b>4,191,450</b>	<b>4,020,579</b>	<b>170,871</b>
<u>Excess (Deficiency) of Expenditures Over Revenues</u>	(367,300)	193,820	368,875	175,055
<u>Other Financing Sources:</u>				
Operating Transfers In	-	-	-	-
<u>Fund Balance at Beginning of Year</u>	1,332,873	1,332,873	1,332,873	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b>\$ 965,573</b>	<b>\$ 1,526,693</b>	<b>\$ 1,701,748</b>	<b>\$ 175,055</b>

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

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Budgetary practices of the Center include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgets are prepared on a modified accrual basis of accounting.

The board is authorized to transfer budget amounts within a function by object classification; however, any revisions that alter the total expenditures of any function must be approved by the board. Budgeted amounts shown in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

The board approves total budget appropriations, is authorized to transfer budget amounts between departments within any fund, and alters the total appropriations of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however for report purposes, this level has expanded to a functional basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

State law requires the Center to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

Budget/Actual Unfavorable Variances

	<u>Budget</u>	<u>Actual</u>	<u>Variances</u> <u>(Unfavorable)</u>
Other General	73,000	383,802	\$( 310,802)

**OTHER SUPPLEMENTAL INFORMATION**

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED DECEMBER 31, 2017

		<u>Jim Tuten</u> <u>Detention Center Warden</u>
<i>Purpose:</i>		
Salary	\$	124,883
Benefits - Insurance		7,674
Benefits - Retirement		35,557
Benefits - Dental		359
 Total	 \$	 <u>168,473</u>

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
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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*

To the Board of Commissioners  
Lincoln Parish Detention Center  
Ruston, Louisiana

I 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 of the Lincoln Parish Detention Center, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued my report thereon dated June 7, 2018.

***Internal Control Over Financial Reporting***

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 17-1, that I consider to be a material weakness.

To the Board of Commissioners  
Lincoln Parish Detention Center  
Ruston, Louisiana

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Lincoln Parish Detention Center's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 17-1.

***Lincoln Parish Detention Center's Response to Findings***

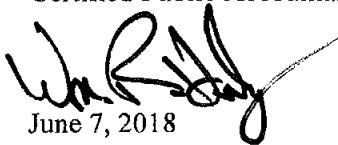
Lincoln Parish Detention Center's response to the finding identified in my audit is described in the accompanying schedule of findings. Lincoln Parish Detention Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my 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.

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

WILLIAM R. HULSEY (APAC)  
Certified Public Accountant



June 7, 2018

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

To the Board of Commissioners  
 Lincoln Parish Detention Center  
 Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Detention Center (the Center) as of and for the year ended December 31, 2017, and have issued my report thereon dated June 7, 2018. I conducted my 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. My audit of the financial statements as of December 31, 2017, resulted in an unqualified opinion.

**SECTION I – Summary of Auditor’s Results**

A. Report on Internal Control and Compliance Material to the Financial Statements

<u>Internal Control</u>	
Material Weakness	_X_ yes ___ no
Significant Deficiencies not considered to be Material Weaknesses	___ yes _X_ no
<u>Compliance</u>	
Compliance Material to Financial Statements	_X_ yes ___ no

B. Federal Awards

Material Weakness Identified	___ yes _X_ no
Significant Deficiencies not considered to be Material Weaknesses	___ yes _X_ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified \_\_\_ Qualified \_\_\_  
 Disclaimer \_\_\_ Adverse \_\_\_

Are their findings required to be reported in accordance with the Uniform Guidance (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)  
 CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a “low-risk” auditee, as defined by the Uniform Guidance? N/A

LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)

**SECTION II – Financial Statement Findings**

**17-1 Condition:**

Prior to 2017, the Center did not report three bank accounts which were agency type funds. The accounts hold inmate trust funds, activity of the work release program and inmate special work program funds. The balances in the accounts totaled \$119,701 at December 31, 2017.

**Criteria:**

Accounting principles generally accepted in the United States of America require that all revenues, expenditures, assets, liabilities and equity be captured in the entity's financial statements. Louisiana audit law requires the Center to submit all records to the auditor for examination.

**Cause:**

It appears that internal control policies and procedures were not designed to ensure that all bank accounts were reported.

**Effect:**

Prior financial statements did not include the three bank accounts

**Recommendation:**

I recommend that management review policies and procedures and revise them as determined necessary. Also, all accounting records should be maintained in the same accounting software to prevent any oversight in the future.

**Management's Response:**

Because the software used to maintain these three accounts is specific to inmate trust amounts, and outside our primary accounting software, these were inadvertently omitted from the information provided to be audited and not added from due to changes in personnel. All accounts will be provided in the future, and internal controls to ensure all relevant information is reviewed by management will be implemented.

**SECTION III – Federal Award Findings and Questioned Costs**

No matters were reported.



LINCOLN PARISH DETENTION CENTER  
RUSTON, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Internal Control and Compliance Material to Federal Awards

There were not findings for this category.

Internal Control and Compliance Material to the Financial Statements

**2016-001 Bank Accounts not Reported**

Condition:

Prior to 2016, the Center did not report three bank accounts. The accounts hold inmate trust funds, activity of the work release program and inmate welfare funds. The balances in the accounts totaled \$43,641 at December 31, 2016

Recommendation:

We recommend that management review policies and procedures and revise them as determined necessary.

Action Taken:

The three accounts were still not on the financial statements as of December 31, 2017.

Management Letter Comments

There were no findings for this category.

**WILLIAM R. HULSEY**

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MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the THE DETENTION CENTER and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by The THE DETENTION CENTER of the Fourth Judicial District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts**, including receiving, recording, and preparing deposits
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
  - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
  - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

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

- Budgeting – The THE DETENTION CENTER has written policies and procedures regarding budget preparation, adoption, monitoring and amending.

- Purchasing – The THE DETENTION CENTER has written policies and procedures for purchasing regarding the following:

Initiation of purchases – Purchasing agent

Addition of vendors – the accountant adds vendors

Preparation and approval of check requests

Controls ensuring compliance with public bid laws

Bids and price quotes are required to be maintained . When major purchases are needed for the Jury, the Purchasing Officer usually gathers bids via email, fax or phone.

- Disbursements – The THE DETENTION CENTER has written policies and procedures regarding disbursement processing, reviewing and approving.
- Receipts – The THE DETENTION CENTER does not have written policies and procedures regarding receiving, recording and preparation of deposits for all receipts.
- Payroll & Personnel – The THE DETENTION CENTER has written policies and procedures regarding payroll processing and reviewing and approving time and attendance.
- Contracting – The THE DETENTION CENTER has written policies and procedures regarding the types of services that require contracts, terms and condition, legal review and approval.
- Credit Cards – The THE DETENTION CENTER has written policies and procedures regarding the control of credit cards, allowable business usage, documentation requirements, required approvers and monitoring process.
- Travel & Expense Reimbursement – The THE DETENTION CENTER does not have written policies and procedures regarding what's allowable, dollar amount by expense category, documentation requirements and required approvers.
- Ethics – The THE DETENTION CENTER has written policies and procedures regarding ethics.
- Debt Service – There is not a debt service policy.

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

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

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

All policies and procedures were performed at the primary government level.

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Primary Government has thirty one bank accounts that it operates. Bank reconciliations are prepared monthly and the Treasurer examines them along with the bank statement each month checking outstanding check amounts. The Treasurer currently does sign off on the reconciliations and bank statements.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to

reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Cash is received by the individual bringing the money to the office or by mail. There is not a policy on procedures regarding cash collections, but the persons receiving the payments are not bonded. There is no formal process to reconcile cash collections to the general ledger or subsidiary. I selected the highest (dollar) week of cash collections from the general ledger and traced daily collections to the deposit date on the bank statement noting their timely deposit. All cash collections are completely supported by documentation without any exceptions. Currently, The THE DETENTION CENTER does have written documentation on the processes to determine completeness of all collections. The above procedures were performed at the Primary Government level.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A listing of disbursements were tested at the primary Government level and 25 disbursements were selected for testing, and no exceptions were noted. There currently is no policy or procedure prohibiting the person responsible for processing payments from adding vendors to The THE DETENTION CENTER's purchasing system. There is a segregation of duties policy which covers who has signatory authority and authorization for disbursements do not initiate or record purchases. Unused checks are maintained in a locked location with restricted access. A signature stamp is not used. All checks require two authorized signers.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.  
  
Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
  - a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).  
If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

A list of all credit and debit cards were obtained and examined at the Primary Government level. Four cards were selected for testing with the monthly statements without any exceptions. No finance charges were paid on any of the statements.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
  - b) Report whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

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

Five employees were tested for their ethics compliance documentation without exception. There were no ethics violations during the year and there were not allegations received during the year.

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

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

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

There were no written policies and procedures for debt service.

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

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

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

Inquired of management whether The THE DETENTION CENTER's office had any misappropriations of public funds or assets and there was no instance reported. The notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is posted on its premises, which is the notice required by R.S. 24:523.1.

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



- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

A listing of all travel and related expense reimbursements during the year was obtained at the Primary Government level, The THE DETENTION CENTER along with the Primary Government does not have written policies and procedures regarding travel and expense reimbursements. Three travel payments were selected and tested without exception. All travel and expense, and expense reimbursements were documented as to the business purpose and all were reviewed and approved by someone other than the person receiving the reimbursement.

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
  - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
  - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
  - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

A list of contracts was obtained from The Primary Government, four contracts paid the most money were selected for testing without exception.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee.

Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

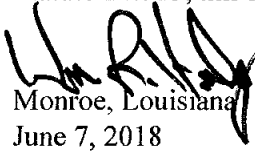
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
  25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

A listing of employees was obtained from The Primary Government. All full-time employees do not fill out a time sheet, but they turn in leave slips. Their hours are recapped on a time recap and approved. The attorneys are paid by the Primary Government, state warrant and the rest is supplemented by the Primary Government, who makes the decision on the amount to supplement. The non-attorney full-time employees are paid by the Primary Government. Part-time employees are required to fill out a time sheet, but do not have leave slips. They are not paid if they do not work. All payroll taxes and retirement contributions were paid and filed during the year without exception.

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

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



Monroe, Louisiana  
June 7, 2018