

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

FINANCIAL REPORT

December 31, 2018

HILL, INZINA & COMPANY

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Jury's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Jury'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 Jury's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for all of the Jury's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Jury's primary government unless the Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Jury has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units that would have been presented are not reasonably determinable. In addition, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures of the aggregate remaining fund information would have increased by an amount that is also not reasonably determinable.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Jury as of December 31, 2018, or the changes in financial position thereof for the year then ended.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate fund information of the Jury as of December 31, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jury as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of proportionate share of net position liability, and the schedule of contributions be presented to supplement the basic financial statements of the Jury's primary government. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Jury's primary government. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May xx, 2019, on our consideration of the Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jury's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co.

May 28, 2019

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

MOREHOUSE PARISH POLICE JURY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended December 31, 2018

As management of Morehouse Parish Police Jury (the "Jury"), we offer readers of the financial statements of the Jury's primary government this narrative overview and analysis of the financial activities of the Jury for the fiscal year ended December 31, 2018. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Jury's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Jury's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Jury based on information presented in the financial report and fiscal policies that have been adopted by the Jury. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Jury's financial activity, identify changes in the Jury's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and supplementary information that are provided in addition to this discussion and analysis of management.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Jury's financial statements. The Jury's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements, the Jury also includes in a subsequent section of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by the GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Jury's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Jury's assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, with the elimination of internal activities. The difference between assets, liabilities, and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Jury is improving or weakening. Evaluation of the overall economic health of the Jury would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Jury's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Jury's distinct activities or functions on revenues provided by the citizenry of the parish.

The government-wide financial statements report governmental activities of the Jury that are principally supported by taxes and intergovernmental revenues. Governmental activities include general government, public safety, public works, building maintenance, health and welfare, economic development and assistance, debt service, and capital outlay.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Jury uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Jury's most significant funds rather than the Jury as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Jury has only one fund type. Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Jury's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position of the Jury's governmental activities as of December 31:

	<u>2018</u>	<u>2017</u>
Other assets	\$ 9,883,485	\$ 9,089,625
Capital assets	<u>11,343,008</u>	<u>11,952,104</u>
Total assets	<u>\$ 21,226,493</u>	<u>\$ 21,041,729</u>
Deferred outflows of resources	<u>\$ 255,376</u>	<u>\$ 472,699</u>
Other liabilities	\$ 2,192,116	\$ 2,311,158
Long-term liabilities	<u>(78,088)</u>	<u>406,752</u>
Total liabilities	<u>\$ 2,114,028</u>	<u>\$ 2,717,910</u>
Deferred inflows of resources	<u>\$ 2,563,088</u>	<u>\$ 2,268,461</u>
Net position:		
Net investment in capital assets	\$ 11,343,008	\$ 11,952,104
Restricted for special revenue	7,235,694	6,236,339
Unrestricted (deficit)	<u>(1,773,949)</u>	<u>(1,660,386)</u>
Total net position	<u>\$ 16,804,753</u>	<u>\$ 16,528,057</u>

As noted earlier, net position may serve over time as a useful indicator of the Jury's financial position. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Jury's ability to use that net position for day-to-day operations. The Jury will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors.

The following provides a summary of the Jury's changes in net position between the two years ended December 31:

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 491,369	\$ 565,891
Capital grants and contributions	-	15,100
General revenues:		
Taxes	3,829,272	3,878,506
Intergovernmental	1,418,221	1,313,421
Unrestricted investment earnings and miscellaneous	<u>381,577</u>	<u>353,022</u>
Total revenues	<u>\$ 6,120,439</u>	<u>\$ 6,125,940</u>
Expenses:		
General government	\$ 1,090,918	\$ 1,112,412
Public safety	613,190	637,926
Public works	2,865,986	2,974,450
Building maintenance	294,769	319,081
Health and welfare	314,974	287,584
Economic development and assistance	<u>663,904</u>	<u>594,188</u>
Total expenses	<u>\$ 5,843,741</u>	<u>\$ 5,925,641</u>
Change in net position	\$ 276,698	\$ 200,299
Net position - beginning	<u>16,528,055</u>	<u>16,327,758</u>
Net position - ending	<u>\$ 16,804,753</u>	<u>\$ 16,528,057</u>

The Jury's total revenues decreased by only \$5,501 while expenses also decreased by \$81,900. The Jury's expenses cover a range of services with the majority related to public works (road, drainage, and solid waste).

Program revenues derive directly from the program itself or from parties outside the Jury's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Jury's general revenues. General revenues are used to pay for governmental activities whose cost is not reduced by program revenues. The Jury was heavily reliant on general revenues to support governmental operations for both years.

General government and public works were the Jury's largest expenses for both years with both also having significant tax-based (general revenue) funding.

Financial Analysis of Governmental Funds

The Jury's major governmental funds and related fund balances as of December 31 were:

	<u>2018</u>	<u>2017</u>
General	\$(1,325,568)	\$(1,478,009)
Road Maintenance	1,494,912	1,212,412
Drainage Maintenance	2,019,515	1,844,027
Building Maintenance	(328,605)	(348,351)
Solid Waste	2,829,806	2,551,976
Health Unit	919,441	861,394
Criminal Court	(401,509)	(383,545)

Determination of the Jury's major governmental funds are made for each audit period. The majority of the fund balances of the governmental funds was restricted for special revenue as of December 31, 2018. The deficit fund balances are discussed further in Note 2.

Budgetary Highlights

Budgets for all funds were adopted for the year ended December 31, 2018 which complied with financial policies approved by the jurors and maintained core Jury services. There were no unfavorable budget variances of 5% or more in the seven major governmental funds for the year ended December 31, 2018.

Capital Assets and Debt Administration

The Jury made no capital asset additions during the current fiscal year but did dispose of equipment with an original cost of \$323,546 that was fully depreciated as of December 31, 2018. Depreciation of capital assets of \$609,096 for the year ended December 31, 2018 was recorded in the governmental activities of the government-wide financial statements.

At the end of the fiscal year, the Jury's long-term liabilities consisted only of compensated absences, the majority of which will be liquidated by the Criminal Court Fund. No new debt was incurred by the Jury during the year ended December 31, 2018.

Economic Factors and Next Year's Budget

On December 10, 2018, the Jury adopted original budgets for all funds for the year ending December 31, 2019 totaling \$5,685,998 of revenues and \$5,515,176 of expenditures. These budgets reflect an approximate increase of \$72,000 and \$118,000, respectively, in revenues and expenditures from the original budgets adopted for the year ended December 31, 2018.

Requests for Information

This financial report is designed to provide a general overview of the Jury's financial picture for all those with an interest in the Jury's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Secretary or Treasurer, 125 East Madison Avenue, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT -
GOVERNMENTAL ACTIVITIES
December 31 , 2018

ASSETS	
Cash	\$ 7,189,529
Investments	540,000
Receivables	2,153,956
Capital assets:	
Land	793,726
Other capital assets, net of depreciation	<u>10,549,282</u>
Total assets	<u>\$ 21,226,493</u>
DEFERRED OUTFLOWS OF RESOURCES	
Resources related to pension	<u>\$ 255,376</u>
LIABILITIES	
Bank overdrafts	\$ 2,037,316
Accounts payable	134,284
Payroll accruals and withholdings	20,516
Long-term liabilities:	
Due within one year	38,339
Net pension	<u>(116,427)</u>
Total liabilities	<u>\$ 2,114,028</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes	\$ 2,212,021
Resources related to pensions	<u>351,067</u>
Total deferred inflows of resources	<u>\$ 2,563,088</u>
NET POSITION	
Net investment in capital assets	\$ 11,343,008
Restricted for special revenue	7,235,694
Unrestricted (deficit)	<u>(1,773,949)</u>
Total net position	<u>\$ 16,804,753</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - PRIMARY GOVERNMENT -
GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u> Charges for <u>Services</u>	<u>Capital</u> Grants and <u>Contributions</u>	<u>Net(Expense)</u> Revenue and Changes In <u>Net Position</u>
Functions/Programs:				
Current:				
General government:				
Legislative	\$ 82,730	\$ -	\$ -	\$(82,730)
Judicial	786,576	78,719	-	(707,857)
Elections	32,707	-	-	(32,707)
Finance and administrative	175,389	311,294	-	135,905
Other	13,516	-	-	(13,516)
Public safety	613,190	-	-	(613,190)
Public works	2,865,986	97,356	-	(2,768,630)
Building maintenance	294,769	4,000	-	(290,769)
Health and welfare	314,974	-	-	(314,974)
Economic development and assistance	<u>663,904</u>	<u>-</u>	<u>-</u>	<u>(663,904)</u>
Total governmental activities	<u>\$ 5,843,741</u>	<u>\$ 491,369</u>	<u>\$ -</u>	<u>\$(5,352,372)</u>
General revenues:				
Taxes				\$ 3,829,272
Intergovernmental				1,418,221
Unrestricted investment earnings and miscellaneous				<u>381,577</u>
Total general revenues				<u>\$ 5,629,070</u>
Changes in net position				\$ 276,698
Net position - beginning				<u>16,528,055</u>
Net position - ending				<u>\$ 16,804,753</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2018

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
ASSETS			
Cash	\$ -	\$ 1,454,113	\$ 1,685,806
Investments	25,000	100,000	375,000
Receivables	<u>627,114</u>	<u>765,048</u>	<u>332,024</u>
Total assets	<u>\$ 652,114</u>	<u>\$ 2,319,161</u>	<u>\$ 2,392,830</u>
LIABILITIES			
Bank overdraft	\$ 1,351,887	\$ -	\$ -
Accounts payable	54,418	9,263	872
Payroll accruals and withholdings	<u>12,708</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 1,419,013</u>	<u>\$ 9,263</u>	<u>\$ 872</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>\$ 558,669</u>	<u>\$ 814,986</u>	<u>\$ 372,443</u>
FUND BALANCES			
Restricted for special revenue	\$ -	\$ 1,494,912	\$ 2,019,515
Unassigned for special revenue (deficit)	-	-	-
Unassigned (deficit)	<u>(1,325,568)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$(1,325,568)</u>	<u>\$ 1,494,912</u>	<u>\$ 2,019,515</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 652,114</u>	<u>\$ 2,319,161</u>	<u>\$ 2,392,830</u>

See notes to financial statements.

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,868,295	\$ 909,180	\$ -	\$ 272,135	\$ 7,189,529
-	-	25,000	-	15,000	540,000
<u>210,472</u>	<u>5,805</u>	<u>134,409</u>	<u>2,938</u>	<u>76,146</u>	<u>2,153,956</u>
<u>\$ 210,472</u>	<u>\$ 2,874,100</u>	<u>\$ 1,068,589</u>	<u>\$ 2,938</u>	<u>\$ 363,281</u>	<u>\$ 9,883,485</u>
\$ 288,818	\$ -	\$ -	\$ 396,611	\$ -	\$ 2,037,316
13,651	44,294	3,087	28	8,671	134,284
-	-	-	7,808	-	20,516
<u>\$ 302,469</u>	<u>\$ 44,294</u>	<u>\$ 3,087</u>	<u>\$ 404,447</u>	<u>\$ 8,671</u>	<u>\$ 2,192,116</u>
<u>\$ 236,608</u>	<u>\$ -</u>	<u>\$ 146,061</u>	<u>\$ -</u>	<u>\$ 83,254</u>	<u>\$ 2,212,021</u>
\$ -	\$ 2,829,806	\$ 919,441	\$ -	\$ 271,356	\$ 7,535,030
(328,605)	-	-	(401,509)	-	(730,114)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,325,568)</u>
<u>\$(328,605)</u>	<u>\$ 2,829,806</u>	<u>\$ 919,441</u>	<u>\$(401,509)</u>	<u>\$ 271,356</u>	<u>\$ 5,479,348</u>
<u>\$ 210,472</u>	<u>\$ 2,874,100</u>	<u>\$ 1,068,589</u>	<u>\$ 2,938</u>	<u>\$ 363,281</u>	<u>\$ 9,883,485</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
Revenues:			
Taxes	\$ 627,689	\$ 898,170	\$ 364,098
Licenses and permits	212,976	-	-
Intergovernmental	949,711	425,397	28,164
Fees, charges, and commissions for services	98,318	-	-
Fines and forfeitures	-	-	-
Interest and miscellaneous	14,919	55,476	1,677
Total revenues	<u>\$ 1,903,613</u>	<u>\$ 1,379,043</u>	<u>\$ 393,939</u>
Expenditures:			
Current:			
General government:			
Legislative	\$ 82,730	\$ -	\$ -
Judicial	177,590	-	-
Election	28,941	-	-
Finance and administrative	174,664	-	-
Other	952	-	-
Public safety	532,731	-	-
Public works	19,444	1,096,543	218,450
Building maintenance	-	-	-
Health and welfare	116,548	-	-
Economic development and assistance	552,171	-	-
Capital outlay	-	-	-
Total expenditures	<u>\$ 1,685,771</u>	<u>\$ 1,096,543</u>	<u>\$ 218,450</u>
Excess (deficiency) of revenues over expenditures	\$ 217,842	\$ 282,500	\$ 175,489
Other financing sources:			
Operating transfers in (out)	<u>(65,400)</u>	<u>-</u>	<u>-</u>

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 230,855	\$ 1,484,327	\$ 142,781	\$ -	\$ 81,352	\$ 3,829,272
-	-	-	-	-	212,976
14,100	-	541	-	308	1,418,221
4,000	97,356	-	-	29,854	229,528
-	-	-	48,865	-	48,865
45	132	4,487	293,019	19	369,774
<u>\$ 249,000</u>	<u>\$ 1,581,815</u>	<u>\$ 147,809</u>	<u>\$ 341,884</u>	<u>\$ 111,533</u>	<u>\$ 6,108,636</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,730
-	-	-	359,849	76,103	613,542
-	-	-	-	-	28,941
-	-	-	-	-	174,664
-	-	-	-	-	952
-	-	-	-	-	532,731
-	1,303,984	-	-	-	2,638,421
294,655	-	-	-	-	294,655
-	-	89,763	-	78,598	284,909
-	-	-	-	-	552,171
-	-	-	-	-	-
<u>\$ 294,655</u>	<u>\$ 1,303,984</u>	<u>\$ 89,763</u>	<u>\$ 359,849</u>	<u>\$ 154,701</u>	<u>\$ 5,203,716</u>

\$(45,655) \$ 277,831 \$ 58,046 \$(17,965) \$(43,168) \$ 904,920

65,400 - - - - -

(continued)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2018

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>
Net changes in fund balances	\$ 152,442	\$ 282,500	\$ 175,489
Fund balances (deficit) - beginning	<u>(1,478,010)</u>	<u>1,212,412</u>	<u>1,844,026</u>
Fund balances (deficit) - ending	<u><u>\$(1,325,568)</u></u>	<u><u>\$ 1,494,912</u></u>	<u><u>\$ 2,019,515</u></u>

See notes to financial statements.

<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 19,745	\$ 277,831	\$ 58,046	\$ (17,965)	\$ (43,168)	\$ 904,920
<u>(348,350)</u>	<u>2,551,975</u>	<u>861,395</u>	<u>(383,544)</u>	<u>314,524</u>	<u>4,574,428</u>
<u><u>\$ (328,605)</u></u>	<u><u>\$ 2,829,806</u></u>	<u><u>\$ 919,441</u></u>	<u><u>\$ (401,509)</u></u>	<u><u>\$ 271,356</u></u>	<u><u>\$ 5,479,348</u></u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2018

Total fund balances - governmental funds balance sheet	\$ 5,479,348
Amounts reported for governmental activities in statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,343,008
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds	116,427
Net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	(95,691)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(38,339)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 16,804,753</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Net changes in fund balances - governmental funds	\$ 904,920
Amounts reported for governmental activities in statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$609,096) exceeded both capital outlay (\$0) in the current period.	(609,096)
Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds.	11,803
Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such.	(35,164)
Compensated absences accruing during the current period and reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>4,235</u>
Changes in net position of governmental activities - government-wide statement of activities	<u>\$ 276,698</u>

See notes to financial statements.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Parish Police Jury (the "Jury") is the governing authority for Morehouse Parish and is a political subdivision of State of Louisiana. The Jury is governed by seven compensated jurors representing, by election, the various districts within the parish. The jurors serve four-year terms that will expire on December 31, 2019.

Louisiana Revised Statute 33:1236 gives the Jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of these are the powers to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks in part is provided by property taxes, sales taxes, severance taxes, permits, state revenue sharing, and various other state and federal grants.

The parish is located in northeast Louisiana and its population is approximately 25,360. Approximately 540 miles of roads are maintained by the parish. The Jury employs approximately 60 people.

In accomplishing its objectives, the Jury also has the authority to create special districts (component units) within the parish. The districts perform specialized functions, such as fire protection, water distribution, sewerage collection and disposal, and health care facilities.

The more significant of the Jury's accounting policies are described below:

Financial Reporting Entity:

As the governing authority of the parish, for reporting purposes, the Jury is the financial reporting entity for Morehouse Parish. The financial reporting entity consists of (a) the primary government (Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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.

NOTES TO FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be considered part of the 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the 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 Jury.
2. Organizations for which the Jury does not appoint a voting majority but are fiscally dependent on the Jury.
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.

Based on the previous criteria, the Jury has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Bastrop Fire District Two	12-31	3
Bayou Bonne Idee Gravity Drainage District	12-31	1
Bayou Desiard and Bayou Bartholomew Loop Water Conservation Board	12-31	1
Fourth Judicial District Criminal Court	12-31	3
Ward Two Fire Protection District No. 1	12-31	3
Ward Five Fire Protection District No. 1	12-31	3
Ward Six Fire Protection District No. 1	12-31	3
Ward Eight Fire Protection District No. 1	12-31	3
Ward Ten Fire Protection District No. 1	12-31	3
Morehouse Parish Library	12-31	1
Morehouse General Hospital Service District, Morehouse General Hospital	12-31	1 and 2
Consolidated Waterworks District No. 2	12-31	1
Morehouse Parish Communications District	12-31	1
Ward Two Cemetery	12-31	1

NOTES TO FINANCIAL STATEMENTS

The primary government's (Jury's) financial statements include all funds under the Jury's control and certain organizations for which the Jury maintains the accounting records. The Jury maintains the accounting records for Fourth District Criminal Court Fund. This fund is considered a part of the Jury and is included in the primary government financial statements as it is not considered to be a separate reporting entity. The Jury has chosen to issue financial statements of the primary government (Jury) only; therefore none of the previously listed component units are included in the accompanying financial statements. The effect of the omission of these component units is unknown.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Jury).

Also considered in the determination of component units of the reporting entity were Morehouse Parish Sheriff, Morehouse Parish Clerk of Court, Morehouse Parish Tax Assessor, Morehouse Sales and Use Tax Commission, Morehouse Parish School Board, District Attorney and Judges for the Fourth Judicial District, and the various municipalities and nonprofit entities in the parish. It was determined that these governmental and nonprofit entities are not component units of Morehouse Parish Police Jury reporting entity. With the exception of the District Attorney and Judges for the Fourth Judicial District, these entities have separately elected governing bodies, are legally separate, and are fiscally independent of the Jury. They are considered by the Jury to be separate autonomous entities and issue financial statements separate from those of Morehouse Parish Police Jury reporting entity.

The District Attorney and Judges for the Fourth Judicial District are fiscally dependent upon the Jury; however, the Fourth Judicial District includes both Ouachita and Morehouse Parishes, and the preponderance of the activities of those entities occurs in Ouachita Parish. Consequently, the Jury has concluded that the District Attorney and Judges should properly be reported in the Ouachita Parish reporting entity.

NOTES TO FINANCIAL STATEMENTS

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities that report financial information for the primary government (Jury). Individual funds are not displayed but the statements report governmental activities, generally supported by taxes and intergovernmental revenues. The Jury has no business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report licenses, permits, fees, fines, forfeitures, and other charges to users of the Jury's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements are provided for governmental funds with major individual governmental funds reported in separate columns and a composite column for non-major governmental funds.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the Jury are prepared in accordance with generally accepted accounting principles (GAAP). The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Jury considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest related to long-term debt, as well as expenditures related to compensated absences, which are reported as expenditures in the year due. This same measurement focus and basis of accounting is used to calculate expenditures of federal awards.

Major revenue sources susceptible to accrual are property taxes, sales taxes, gross receipts taxes, intergovernmental revenues, and fines and forfeitures. In general, other revenues are recognized when cash is received.

Fund Types and Major Funds:

The Jury reports the following major governmental funds:

General Fund - the general operating fund of the Jury and accounts for all financial resources, except those required to be accounted for in other funds.

Road Maintenance Fund - constructing, maintaining, and repairing public roads and bridges in the parish.

Drainage Maintenance Fund - maintaining drainage canals and ditches in the parish and for acquiring, maintaining, and/or operating drainage machinery equipment.

Building Maintenance Fund - constructing, repairing, renovating, equipping, maintaining, and operating public buildings in the parish.

Solid Waste Fund - (a) constructing, acquiring, maintaining, improving, and operating a solid waste collection and disposal system for the parish, and (b) constructing, maintaining, and improving roads and bridges in the parish.

Health Unit Fund - constructing and maintaining the health unit.

Criminal Court Fund - accounts for the operations of the Fourth Judicial District Criminal Court in the parish.

NOTES TO FINANCIAL STATEMENTS

Budgets and Budgetary Accounting:

Preliminary budgets for the ensuing year are prepared by the secretary/treasurer prior to December 31 of each year. During November, the finance committee reviews the proposed budgets and makes changes as it deems appropriate. Notice of the location and the availability of the proposed budgets for public inspection and the date of the public hearing to be conducted on the budgets are then advertised in the official journal of the Jury. Prior to its regular December meeting, the Jury conducts a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearing and the desires of the Jury as a whole. The budgets are then adopted during a December meeting and notice of adoption, that includes budget summaries, is published in the official journal.

The secretary/treasurer presents necessary budget amendments to the Jury during the year when, in her judgement, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Jury reviews the proposed amendments, makes changes as it deems necessary, and formally adopts the amendments as it deems necessary. The formal adoption of amendments is included in the Jury's minutes published in the Jury's official journal.

The Jury adopted annual budgets for all of the governmental funds on December 11, 2017. The annual budgets were prepared on a non-GAAP budgetary basis of accounting. Final amendments were approved by the Jury on December 28, 2018. Final amended budget amounts included in budget comparison reports prepared by the secretary/treasurer are reflected in the financial statements. All annual appropriations lapse at fiscal year end.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of three months or less from the date of acquisition. Under state law, the Jury may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

State law allows the Jury to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

If the original maturities of time deposits exceed 90 days, they are classified as investments. As of December 31, 2018, the Jury's investments consisted of non-negotiable certificates of deposit reported at cost, which approximates market value.

Receivables:

Significant receivables include property tax revenues.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. Jury's management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Interfund Transactions:

Activity between funds for goods or services rendered, resulting from coding errors, resulting from inadequate payroll transfers, and other miscellaneous receivables/payables outstanding at the end of the fiscal year are reported as due to/from other funds (i.e. the current portion of interfund loans) in the fund financial statements.

Transfers and payments within the reporting entity that are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis are reported as operating transfers between funds of the reporting entity.

Interfund transactions are eliminated in the government-wide financial statements while all are reported in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

Capital Assets and Depreciation:

Capital assets, which include property, plant, and equipment, with useful lives of more than one year, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are stated at fair value on the date of donation.

The Jury generally capitalizes individual infrastructure assets with cost of \$100,000 or more and all other assets with cost of \$1,000 or more as purchase and construction outlays occur.

The costs of normal maintenance and repairs not adding to the value of an asset or not materially extending its useful life are not capitalized. Upon disposition of capital assets, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

As surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 15 years

NOTES TO FINANCIAL STATEMENTS

Accumulated Compensated Absences:

Full-time employees of the Jury earn from one to five weeks of annual leave each anniversary year of employment, depending on length of service. Five personal holidays are earned each calendar year by full-time employees. Employees may not accumulate annual leave or personal holidays. Upon resignation or retirement, employees are compensated for annual leave earned but not taken during the current anniversary year of employment at the employee's current rate of pay.

Full-time employees of the Fourth Judicial District Criminal Court earn from six to fifteen days of annual leave each year of service, depending on length of service. Employees are encouraged to utilize annual leave during the year in which the leave is earned. Employees with at least one year of continuous service, who are separated for other than disciplinary reasons, and provided they have submitted notice at least two weeks in advance of the effective date of resignation, may at the discretion of the district attorney, be paid for any accrued annual leave at the time of separation.

The Jury's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

NOTES TO FINANCIAL STATEMENTS

2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Estimated accrued compensated absences resulting from unused annual leave at the end of the fiscal year are recorded in the government-wide financial statements as long-term liabilities. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits or personal holidays upon termination of employment.

Compensated absences are paid from the fund responsible for the employee's compensation.

Pension:

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System of Louisiana (the "Plan"), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Jury's deferred outflows and deferred inflows are resources related to pensions.

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets, net of accumulated depreciation.
2. Restricted - consists of net position with constraints placed on its use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets".

In the fund financial statements, governmental fund equity is classified as fund balance. These statements provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Jury's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
2. Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. Committed - amounts constrained to specific purposes by the Jury itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Jury takes the same highest level action to remove or change the constraint;
4. Assigned - amounts that the Jury intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition - Property and Sales/Use Taxes:

Property taxes attach as an enforceable lien on property as of the date of the tax rolls are filed with the recorder of mortgages which, by law, must be on or before November 15 of each year. Billed taxes become delinquent on January 1 of the following year. Morehouse Parish Sheriff bills and collects the Jury's property taxes using the assessed values determined by Morehouse Parish Tax Assessor.

Sales/use taxes collected and held by other governments at year end on behalf of the Jury and those collected by other governments and remitted to the Jury within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Parish Sales and Use Tax Commission and remitted to the Jury.

Note 2. Deficit Fund Balances

As of December 31, 2018, the fund balance of the General Fund was in a deficit position of \$1,325,568 compared to a deficit position of \$1,478,010 as of December 31, 2017. No particular incident led to the decline other than just the overall financial burden placed on the Jury over the years. As of the date of this report, management of the Jury has no specific plan to alleviate the deficit.

The Building Maintenance Fund initially incurred a deficit in its fund balance during the year ended December 31, 2012 resulting in part by a decrease in intergovernmental revenues. The deficit has continually increased each year since 2012 except for the current year ended December 31, 2018, the fund balance had a positive change of \$19,745.

The Criminal Court Fund also had a deficit fund balance of \$401,509 as of December 31, 2018, increasing from a deficit balance as of December 31, 2017 of \$383,544. The Jury's management plans to alleviate the annual deficit by requesting allocations from the District Attorney's office which is normal practice for the Jury. Funds of \$293,019, \$246,256, and \$298,261 were received during the years ended December 31, 2018, 2017, and 2016, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits with Financial Institutions

The following is a summary of cash and investments (book balances) as of December 31, 2018:

Interest bearing demand deposits (net overdrawn)	\$ 3,054,005
Non-interest bearing demand deposits	12,708
Time deposits	<u>2,625,500</u>
	<u>\$ 5,692,213</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities were held in the name of the pledging fiscal agent bank in a holding or custodial bank that was mutually acceptable to both parties.

As of December 31, 2018, the Jury had \$5,803,487 in deposits (collected bank balances). These deposits were secured from risk by \$700,000 of federal deposit insurance and \$5,103,487 of pledged securities held by the counterparty's trust department or agent in the Jury's name.

There were no repurchase or reverse repurchase agreements as of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

A summary of receivables as of December 31, 2018 is as follows:

	<u>General</u>	<u>Road Maintenance</u>	<u>Drainage Maintenance</u>	<u>Building Maintenance</u>	<u>Solid Waste</u>	<u>Health Unit</u>	<u>Criminal Court</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Taxes:									
Property	\$ 497,259	\$ 725,779	\$ 331,696	\$ 210,472	\$ -	\$ 130,074	\$ -	\$ 74,116	\$ 1,969,396
Gross receipts	17,940	-	-	-	-	-	-	-	17,940
Intergovernmental:									
Beer tax	1,723	-	-	-	-	-	-	-	1,723
Parish Transportation Act	-	29,344	-	-	-	-	-	-	29,344
Severance tax	98,816	-	-	-	-	-	-	-	98,816
Fees, charges, and commissions for services	6,785	9,925	-	-	5,805	-	-	-	22,515
Fines and forfeitures	-	-	-	-	-	-	2,938	2,030	4,968
Miscellaneous	4,591	-	328	-	-	4,335	-	-	9,254
	<u>\$ 627,114</u>	<u>\$ 765,048</u>	<u>\$ 332,024</u>	<u>\$ 210,472</u>	<u>\$ 5,805</u>	<u>\$ 134,409</u>	<u>\$ 2,938</u>	<u>\$ 76,146</u>	<u>\$ 2,153,956</u>

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NOTES TO FINANCIAL STATEMENTS

Note 5. Taxes

The following is a summary of authorized and levied property taxes for the year ended December 31, 2018:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General corporate purposes	6.66	6.66	perpetual
Road maintenance	5.58	5.58	2028
Drainage maintenance	2.55	2.55	2027
Public buildings	.60	.60	2025
Public buildings and health facility	1.02	1.02	2027
Health unit	1.00	1.00	2021
Agriculture center	.57	.57	2026

Total property taxes levied were \$2,212,021 for the above millages. As of December 31, 2018, property taxes receivable was \$1,969,396.

The following were the principal property taxpayers for Morehouse Parish as a whole:

<u>Taxpayer</u>	<u>Total Assessed Valuation</u>
Texas Gas Transmission Corp.	\$ 6,945,500
Entergy Louisiana Holdings, Inc.	6,635,980
Midcontinent Express Pipeline, LLC	4,564,430
Union Pacific Corp.	3,969,680
Gulf Crossing Pipeline Company	3,645,450

For the year ended December 31, 2018, sales taxes were levied as follows:

<u>Rate</u>	<u>Purpose</u>	<u>Expiration Date</u>
½%	constructing, reconstructing, repairing, maintaining, and improving roads, bridges, and related drainage improvements	perpetual
½%	constructing, acquiring, maintaining, improving, and operating a solid waste collection and disposal system for parish, including the closing of existing landfills	perpetual

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended December 31, 2018 for the governmental activities is as follows:

	Balance - January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance - December 31, <u>2018</u>
Capital assets, not being depreciated:				
Land	\$ 793,726	\$ -	\$ -	\$ 793,726
Capital assets being depreciated:				
Buildings and improvements	\$16,600,626	\$ -	\$ -	\$16,600,626
Machinery and equipment	<u>3,719,170</u>	<u>-</u>	<u>323,546</u>	<u>3,395,624</u>
Total capital assets being depreciated	<u>\$20,319,796</u>	<u>\$ -</u>	<u>\$ 323,546</u>	<u>\$19,996,250</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 6,248,621	\$ 407,122	\$ -	\$ 6,655,743
Machinery and equipment	<u>2,912,797</u>	<u>201,974</u>	<u>323,546</u>	<u>2,791,225</u>
Total accumulated depreciation	<u>\$ 9,161,418</u>	<u>\$ 609,096</u>	<u>\$ 323,546</u>	<u>\$ 9,446,968</u>
Total capital assets being depreciated, net	<u>\$11,158,378</u>	<u>\$(609,096)</u>	<u>\$ -</u>	<u>\$10,549,282</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense of the Jury for the year ended December 31, 2018 was charged to the following governmental functions:

Judicial	\$ 167,756
Elections	3,766
Other	12,564
Public safety	80,459
Public works	203,678
Building maintenance	114
Health and welfare	29,026
Economic development and assistance	<u>111,733</u>
	<u>\$ 609,096</u>

Note 7. Long-Term Liabilities

The following is a summary of long-term obligation transactions for the year ended December 31, 2018:

	<u>Compensated Absences</u>
Balance - January 1, 2018	\$ 42,574
Additions	-
Retirements	<u>4,235</u>
Balance - December 31, 2018	<u>\$ 38,339</u>

All of the long-term liabilities are current (due within one year) as of December 31, 2018.

The employee leave benefits were computed in accordance with GASB Codification Section C60. The majority of the compensated absences liability will be liquidated by the Criminal Court Fund.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan and Other Pension Liabilities

The Jury's employees are provided with benefits through the following multiple-employer cost-sharing plans:

- Parochial Employees Retirement System of Louisiana (Plan A) ("PERSLA") provides retirement benefits to employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

General Information About the Plan:

- PERSLA membership is provided on the date of employment to all permanent employees who work at least 28 hours per week. The Jury participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2007 meeting one of the following criteria:
 - Any age with 30 or more years of creditable service
 - Age 55 with a minimum of 25 years of creditable service
 - Age 60 with a minimum of 10 years of creditable service
 - Age 65 with a minimum of 7 years of creditable service

For members hired after January 1, 2007, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 55 with 30 years of creditable service
- Age 62 with 10 years of creditable service
- Age 67 with 7 years of creditable service

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. However, under certain conditions (as outlined in the statutes) the benefits are limited to specified amounts. Survivor, death, and disability benefits are also provided under the plan.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017, the actual employer contribution rate was 12.50% and the actuarially required contribution rate was 9.35%.

The Plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources:

As of December 31, 2018, the Jury reported a total of \$(116,427) for its proportionate shares of the net pension liability of the plan.

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Jury's proportion of the net pension liability was based on a projection of the Jury's long-term contributions to the Plan's relative to the projected contributions of all participating employers, actuarially determined. The Jury's proportions of the plan as of December 31, 2017 and 2016 were 0.156858% and 0.176827%, respectively.

Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The Jury's contributions to the System under Plan A for the years ended December 31, 2018, 2017, and 2016 were \$108,256, \$120,695, and \$136,329, respectively, equal to the required contributions for each year.

For the year ended December 31, 2018, the Jury recognized \$143,421 of pension expense in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

In addition, the Jury reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 171	\$ 6,720
Differences between expected and actual experience	-	75,366
Changes in assumptions	146,949	-
Net difference between projected and actual earnings on pension plan investments	-	268,981
Contributions subsequent to the measurement date	<u>108,256</u>	<u>-</u>
 Total deferred outflows and inflows of resources	 <u>\$ 255,376</u>	 <u>\$ 351,067</u>

The deferred outflows of resources related to pensions resulting from the Jury's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ 15,193
2020	(19,828)
2021	(92,703)
2022	<u>(106,609)</u>
Total	<u>\$(203,947)</u>

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions:

The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.50%
Salary increases	5.25%
Investment rate of return	6.75%
Actuarial cost method	entry age normal
Expected remaining service lives	4 years

Mortality rates were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants.

The investment rate of return was determined based on a triangulation method which integrated the Capital Asset Pricing Model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification.

NOTES TO FINANCIAL STATEMENTS

Target Asset Allocation:

The plan's target asset allocation and long-term expected rates of return as of December 31, 2017 is as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	.69%
Real assets	2%	.12%
Totals	<u>100%</u>	<u>5.62%</u>
Inflation Expected arithmetic nominal return		<u>2.00%</u> <u>7.62%</u>

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

The following presents the Jury's proportionate share of the net pension liability of the Plan, calculated using the discount rates as shown above, as well as what the Jury's proportionate share of the net pension liability (net pension asset) would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
<u>\$ 574,029</u>	<u>\$ (116,427)</u>	<u>\$ (731,233)</u>

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued financial statements of the plan.

Other Pension Liabilities:

The Jury pays a portion of the salaries for employees of the registrar of voters and Fourth Judicial District Criminal Court. These employees are also covered by multiple-employer public employees retirement systems requiring employee and employer contributions. The Jury's and employees' contributions to the systems are considered immaterial with respect to the Jury and the benefit systems as a whole.

NOTES TO FINANCIAL STATEMENTS

Note 9. Criminal Court Fund Balance

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the Criminal Court Fund at year end be transferred to the General Fund. However, because of constraints related to funding the Criminal Court Fund, the Jury has elected not to transfer any amounts due from Fourth Judicial District Criminal Court. The remaining balance, if any, at each previous year's end in the Criminal Court Fund, since the transfers have ceased being made, has not been material in relation to the financial statements as a whole. As of December 31, 2018, the Criminal Court Fund had a deficit fund balance of \$401,509 discussed further in Note 2.

Note 10. Operating Leases

As of December 31, 2018, the Jury had entered into four equipment operating leases having initial or remaining noncancellable terms in excess of one year. The annual commitments under the leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2019	\$ 52,200
2020	37,567
2021	24,572
2022	12,286
2023	<u>-</u>
Total	<u>\$ 126,625</u>

The Jury made rental payments of \$68,537 from the Road Maintenance Fund and \$32,100 from the Drainage Maintenance Fund during the year ended December 31, 2018 under these operating leases.

NOTES TO FINANCIAL STATEMENTS

Note 11. Contingencies and Risk Management

The Jury is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Jury carries commercial insurance for all risks of loss, including workers' compensation. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

As of December 31, 2018, and during the period from that date until the date of this report, the Jury's legal counsel advised that they have not been engaged by the Jury to give substantive attention or represent the Jury in connection with material loss contingencies.

In July 2013, the Jury approved joining the Louisiana Rural Parish Insurance Cooperative (LRPIC). LRPIC has 12 members and provides risk management, insurance, loss control, and claims management services to all members. The self-insured retention is a per occurrence retention and does not reduce the applicable limit of liability. Liability limits apply per member. Only one retention applies in the event of multiple casualty losses.

The Jury participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Jury has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2018 may be impaired. In the opinion of the Jury's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 12. Subsequent Events

Subsequent events were evaluated through May 28, 2019, which is the day the financial statements were available to be issued, and it was determined that no significant events had occurred requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - GENERAL FUND
For the Year Ended December 31, 2018

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 624,600	\$ 624,600	\$ 616,951	\$(7,649)
Licenses and permits	202,000	202,000	212,671	10,671
Intergovernmental	713,900	909,708	917,902	8,194
Fees, charges, and commissions for services	62,630	69,260	95,568	26,308
Interest and miscellaneous	24,800	40,000	13,421	(26,579)
Total revenues	<u>\$ 1,627,930</u>	<u>\$ 1,845,568</u>	<u>\$ 1,856,513</u>	<u>\$ 10,945</u>
Expenditures:				
Current:				
General government:				
Legislative	\$ 81,031	\$ 82,631	\$ 82,730	\$(99)
Judicial	182,912	184,910	176,179	8,731
Elections	36,548	30,352	29,130	1,222
Finance and administrative	203,337	202,585	174,925	27,660
Other	13	138	952	(814)
Public safety	541,000	503,470	517,469	(13,999)
Public works	22,800	19,338	19,496	(158)
Health and welfare	101,037	102,897	113,723	(10,826)
Economic development and assistance	452,500	552,171	552,171	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 1,621,178</u>	<u>\$ 1,678,492</u>	<u>\$ 1,666,775</u>	<u>\$ 11,717</u>

(continued)

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - GENERAL FUND (Continued)
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> Final	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Excess (deficiency) of revenues over expenditures	\$ 6,752	\$ 167,076	\$ 189,738	\$ 22,662
Other financing sources:				
Operating transfers in (out)	<u> -</u>	<u>(65,400)</u>	<u>(65,400)</u>	<u> -</u>
Net changes in fund balances	\$ 6,752	\$ 101,676	\$ 124,338	\$ 22,662
Fund balances (deficit) - beginning (non-GAAP and GAAP budgetary basis)	<u> -</u>	<u> -</u>	<u>(1,478,010)</u>	<u>(1,478,010)</u>
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ 6,752</u>	<u>\$ 101,676</u>	<u>\$(1,353,672)</u>	<u>\$(1,455,348)</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			50,396	
Deferred inflows of resources accruals			(3,296)	
Expenditure accruals			<u>(18,996)</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$(1,325,568)</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - ROAD MAINTENANCE FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 888,000	\$ 871,000	\$ 883,116	\$ 12,116
Intergovernmental	380,000	394,400	424,247	29,847
Interest and miscellaneous	4,000	45,500	45,551	51
Total revenues	<u>\$ 1,272,000</u>	<u>\$ 1,310,900</u>	<u>\$ 1,352,914</u>	<u>\$ 42,014</u>
Expenditures:				
Current:				
Public works	\$ 1,245,292	\$ 1,096,882	\$ 1,090,969	\$ 5,913
Capital outlay	20,000	-	-	-
Total expenditures	<u>\$ 1,265,292</u>	<u>\$ 1,096,882</u>	<u>\$ 1,090,969</u>	<u>\$ 5,913</u>
Net changes in fund balances	\$ 6,708	\$ 214,018	\$ 261,945	\$ 47,927
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>1,212,412</u>	<u>1,212,412</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ 6,708</u>	<u>\$ 214,018</u>	<u>\$ 1,474,357</u>	<u>\$ 1,260,339</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			28,440	
Deferred inflows of resources accruals			(2,311)	
Expenditure accruals			<u>(5,574)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 1,494,912</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - DRAINAGE MAINTENANCE FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 330,000	\$ 330,000	\$ 357,199	\$ 27,199
Intergovernmental	25,000	25,000	28,164	3,164
Interest and miscellaneous	700	700	1,348	648
Total revenues	<u>\$ 355,700</u>	<u>\$ 355,700</u>	<u>\$ 386,711</u>	<u>\$ 31,011</u>
Expenditures:				
Current:				
Public works	\$ 260,627	\$ 222,499	\$ 222,902	\$(403)
Capital outlay	30,000	-	-	-
Total expenditures	<u>\$ 290,627</u>	<u>\$ 222,499</u>	<u>\$ 222,902</u>	<u>\$(403)</u>
Net changes in fund balances	\$ 65,073	\$ 133,201	\$ 163,809	\$ 30,608
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>1,844,026</u>	<u>1,844,026</u>
Fund balances - ending (non- GAAP budgetary basis)	<u>\$ 65,073</u>	<u>\$ 133,201</u>	<u>\$ 2,007,835</u>	<u>\$ 1,874,634</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			8,283	
Deferred inflows of resources accruals			(1,056)	
Expenditure accruals			<u>4,453</u>	
Fund balance - ending (GAAP basis)			<u>\$ 2,019,515</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - BUILDING MAINTENANCE FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 235,000	\$ 226,920	\$ 226,920	\$ -
Intergovernmental	12,000	12,000	14,100	2,100
Fees, charges, and commissions for services	6,300	3,900	4,000	100
Interest and miscellaneous	<u>70</u>	<u>41</u>	<u>48</u>	<u>7</u>
Total revenues	\$ 253,370	\$ 242,861	\$ 245,068	\$ 2,207
Expenditures:				
Current:				
Building maintenance	<u>251,205</u>	<u>309,582</u>	<u>310,461</u>	<u>(879)</u>
Excess (deficiency) of revenues over expenditures	\$ 2,165	\$(66,721)	\$(65,393)	\$ 1,328
Other financing sources:				
Operating transfers in	<u>-</u>	<u>65,400</u>	<u>65,400</u>	<u>-</u>
Net changes in fund balances	\$ 2,165	\$(1,321)	\$ 7	\$ 1,328
Fund balances (deficit) - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>(348,350)</u>	<u>(348,350)</u>
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ 2,165</u>	<u>\$(1,321)</u>	<u>\$(348,343)</u>	<u>\$(347,022)</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			4,603	
Deferred revenue accruals			(671)	
Expenditure accruals			<u>15,806</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$(328,605)</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - SOLID WASTE FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,484,327	\$ 84,327
Fees, charges, and commissions for services	79,000	91,750	91,821	71
Interest and miscellaneous	200	200	132	(68)
Total revenues	<u>\$ 1,479,200</u>	<u>\$ 1,491,950</u>	<u>\$ 1,576,280</u>	<u>\$ 84,330</u>
Expenditures:				
Current:				
Public works	\$ 1,368,075	\$ 1,336,121	\$ 1,302,142	\$ 33,979
Capital outlay	22,000	-	-	-
Total expenditures	<u>\$ 1,390,075</u>	<u>\$ 1,336,121</u>	<u>\$ 1,302,142</u>	<u>\$ 33,979</u>
Net changes in fund balances	\$ 89,125	\$ 155,829	\$ 274,138	\$ 118,309
Fund balances - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>2,551,975</u>	<u>2,551,975</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ 89,125</u>	<u>\$ 155,829</u>	<u>\$ 2,826,113</u>	<u>\$ 2,670,284</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			5,535	
Expenditure accruals			(1,842)	
Fund balance - ending (GAAP basis)			<u>\$ 2,829,806</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - HEALTH UNIT FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 130,000	\$ 130,000	\$ 140,082	\$ 10,082
Intergovernmental	600	600	541	(59)
Interest and miscellaneous	200	200	152	(48)
Total revenues	<u>\$ 130,800</u>	<u>\$ 130,800</u>	<u>\$ 140,775</u>	<u>\$ 9,975</u>
Expenditures:				
Current:				
Health and welfare	\$ 113,983	\$ 91,057	\$ 88,375	\$ 2,682
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 113,983</u>	<u>\$ 91,057</u>	<u>\$ 88,375</u>	<u>\$ 2,682</u>
Net changes in fund balances	\$ 16,817	\$ 39,743	\$ 52,400	\$ 12,657
Fund balances - beginning (non-GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>861,395</u>	<u>861,395</u>
Fund balances - ending (non-GAAP budgetary basis)	<u>\$ 16,817</u>	<u>\$ 39,743</u>	<u>\$ 913,795</u>	<u>\$ 874,052</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			7,448	
Deferred inflows of resources accruals			(414)	
Expenditure accruals			<u>(1,388)</u>	
Fund balance - ending (GAAP basis)			<u>\$ 919,441</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - CRIMINAL COURT FUND
For the Year Ended December 31, 2018

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
Revenues:				
Fines and forfeitures	\$ 83,000	\$ 68,495	\$ 68,570	\$ 75
Interest and miscellaneous	<u>302,500</u>	<u>274,000</u>	<u>293,019</u>	<u>19,019</u>
Total revenues	\$ 385,500	\$ 342,495	\$ 361,589	\$ 19,094
Expenditures:				
Current:				
Judicial	<u>385,250</u>	<u>361,543</u>	<u>361,589</u>	<u>(46)</u>
Net changes in fund balances	\$ 250	\$(19,048)	\$ -	\$ 19,048
Fund balances (deficit) - beginning (non- GAAP and GAAP budgetary basis)	<u>-</u>	<u>-</u>	<u>(383,545)</u>	<u>(383,545)</u>
Fund balances (deficit) - ending (non-GAAP budgetary basis)	<u>\$ 250</u>	<u>\$(19,048)</u>	<u>\$(383,545)</u>	<u>\$(364,497)</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			(19,705)	
Expenditure accruals			<u>1,741</u>	
Fund balance (deficit) - ending (GAAP basis)			<u>\$(401,509)</u>	

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY - PERSLA
Last Ten Fiscal Years

	Year Ended December 31,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	.16%	.18%	.16%	.16%
Proportionate share of net pension liability	\$(116,427)	\$ 364,178	\$ 449,208	\$ 44,944
Covered employees' payroll	\$ 965,485	\$1,048,680	\$ 977,365	\$ 921,379
Proportionate share of net pension liability as a percentage of covered employees' payroll	-12.06%	34.73%	45.96%	4.88%
Plan fiduciary net position as a percentage of total pension liability	101.98%	94.15%	92.23%	99.15%

SCHEDULE OF CONTRIBUTIONS - PERSLA

	Year Ended December 31,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 120,686	\$ 136,920	\$ 142,889	\$ 148,013
Contributions in relation to contractually required contribution	<u>120,686</u>	<u>136,920</u>	<u>142,889</u>	<u>148,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 965,485	\$1,048,680	\$ 977,365	\$ 921,379
Contribution as a percentage of covered employees' payroll	12.50%	13.06%	14.62%	16.06%

OTHER SUPPLEMENTARY INFORMATION

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Agriculture Center	Witness Fees	Juror Fees	Total Non-Major Governmental Funds
ASSETS				
Cash	\$ 113,575	\$ 95,854	\$ 62,706	\$ 272,135
Investments	-	15,000	-	15,000
Receivables	<u>74,116</u>	<u>839</u>	<u>1,191</u>	<u>76,146</u>
Total assets	<u>\$ 187,691</u>	<u>\$ 111,693</u>	<u>\$ 63,897</u>	<u>\$ 363,281</u>
LIABILITIES				
Accounts payable	\$ 1,827	\$ 200	\$ 6,644	\$ 8,671
DEFERRED INFLOWS OF RESOURCES				
Property taxes	83,254	-	-	83,254
FUND BALANCE				
Restricted for special revenue	<u>102,610</u>	<u>111,493</u>	<u>57,253</u>	<u>271,356</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 187,691</u>	<u>\$ 111,693</u>	<u>\$ 63,897</u>	<u>\$ 363,281</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Agriculture Center	Witness Fees	Juror Fees	Total Non-Major Governmental Funds
Revenues:				
Taxes	\$ 81,352	\$ -	\$ -	\$ 81,352
Intergovernmental	308	-	-	308
Fees, charges, and commissions for services	-	12,266	17,588	29,854
Interest and miscellaneous	-	19	-	19
Total revenues	<u>\$ 81,660</u>	<u>\$ 12,285</u>	<u>\$ 17,588</u>	<u>\$ 111,533</u>
Expenditures:				
Current:				
General government:				
Judicial	\$ -	\$ 31,900	\$ 44,203	\$ 76,103
Health and welfare	<u>78,598</u>	<u>-</u>	<u>-</u>	<u>78,598</u>
Total expenditures	<u>\$ 78,598</u>	<u>\$ 31,900</u>	<u>\$ 44,203</u>	<u>\$ 154,701</u>
Net changes in fund balances	\$ 3,062	\$(19,615)	\$(26,615)	\$(43,168)
Fund balances - beginning	<u>99,548</u>	<u>131,108</u>	<u>83,868</u>	<u>314,524</u>
Fund balances - ending	<u>\$ 102,610</u>	<u>\$ 111,493</u>	<u>\$ 57,253</u>	<u>\$ 271,356</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF JURORS' COMPENSATION
For the Year Ended December 31, 2018

The schedule of compensation paid to jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the Jury has elected the monthly payment method of compensation. Under this method, the jurors receive \$800 to \$850 per month each as follows:

Terry R. Matthews	\$ 10,200
Jason Crockett	10,200
Joseph F. Tomboli	6,400
Bruce W. Kinnaird	3,200
Mark Sistrunk	9,600
Norwood Harrison	9,600
Dorothy Thomas	9,600
Harry Reese, Sr.	<u>9,600</u>
Total jurors' compensation	<u>\$ 68,400</u>

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
As of and For the Year Ended December 31, 2018

Agency Head Name: Terry R. Matthews

Purpose	Amounts
Compensation	<u>\$ 10,200</u>

HILL, INZINA & COMPANY

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*

Police Jurors
Morehouse Parish Police Jury
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Jury's primary government and have issued our report thereon dated May 28, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-2 that we consider to be material weaknesses.

Compliance and Other Matters

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

Jury's Responses to Findings

The Jury's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Jury's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jury'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 Jury's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the jurors, others within the Jury, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/ Hill, Inzina & Co.

May 28, 2019

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION
As of and for the Year Ended December 31, 2018

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish Police Jury (the "Jury"), as of and for the year ended December 31, 2018, which collectively comprise the basic financial statements of the Jury's primary government and have issued our report thereon dated May 28, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2018 resulted in an unqualified opinion on the primary government's governmental activities, each major fund, and the aggregate remaining fund information. An adverse opinion was rendered on the aggregate discretely presented component units.

Section I - Summary of Auditor's Reports

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*

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

Section II - Financial Statement Findings

2018-1 Inadequate Segregation of Duties (initially cited in first audit conducted by our firm as of and for the two years ended December 31, 1993)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur with the finding, but it is not economically feasible for corrective action to be taken.

2018-2 Improvement of Controls (initially cited as of and for the year ended December 31, 2003) and Noncompliance with LA R.S. 39:704

Criteria: Management is responsible for establishing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization. Proceeds of special taxes are to be used exclusively for the objects and purposes for which the tax was levied.

Condition: Three of the ten individual funds' cash that is maintained in the 'master' bank account reported overdrawn balances totaling \$2,037,316 as of December 31, 2018, \$2,449,110 as of December 31, 2017, and \$2,493,842 as of December 31, 2016.

Cause: Revenues of individual special revenue funds restricted for specific purposes have been utilized to pay debts and expenditures of the General Fund, Building Maintenance Fund, and Criminal Court Fund. This has been possible due to the pooling of the majority of the Jury's cash in a "master" bank account.

Revenues of the Solid Waste Fund for the years ended December 31, 2018, 2017, and 2016 exceeded actual expenditures by \$277,831, \$315,968, and \$591,214, respectively, which provided excess revenues that were utilized for payment of other funds' obligations.

Effect: The Jury has three funds that continue to operate with deficit fund balances.

Recommendation: Prompt action must be taken by the Jury to ensure that resources are generated to replenish the individual funds with overdrawn balances and that restricted funds are expended only for specified purposes. The Jury might consider asking electorate to re-allocate a portion of the sales tax dedicated for solid waste to expenditures of the General Fund.

Management's
response and
planned cor-
rective action:

We concur with the finding. The total of the ten funds that are maintained in the "master checking account" reconciled with the bank statement as of December 31, 2018 with a positive ending balance. The Jury is making progress in reducing the deficit and is working diligently to repay the three funds for the amounts borrowed against them.

Section III- Management Letter

None issued.

MOREHOUSE PARISH POLICE JURY
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended December 31, 2018

Section II- Financial Statement Findings

2017-1 Inadequate Segregation of Duties

The segregation of duties is inadequate to provide effective internal control.

Unresolved - 2018-1.

2017-2 Improvement of Controls

Management is responsible for establishing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization.

Unresolved - 2018-2.

Section III - Management Letter

None issued.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Police Jurors of the Morehouse Parish Police Jury and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Morehouse Parish Police Jury, (the "Jury") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Jury's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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:

Written Policies and Procedures

1. Obtain and inspect the Jury's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Jurys 's operations):

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

**The Jury approved on October 15, 2018 policies and procedures relative to budgeting.

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

**The Jury had no written policies or procedures addressing these specifics relative to purchasing.

Management's Response

The Jury approved a Purchasing and Disbursements Policy on May 13, 2019.

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

**The Jury had no written policies and procedures addressing these specifics relative to disbursements.

Management's Response

The Jury approved a Purchasing and Disbursements Policy on May 13, 2019.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**The Jury had no written policies and procedures addressing these specifics relative to receipts/collections.

Management's Response

The Jury approved a Cash Management Policy on May 13, 2019.

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

**The Jury had no written policies and procedures addressing these specifics relative to payroll/personnel.

Management's Response

The Jury approved a Payroll/Personnel Policy on June 10, 2019.

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

**The Jury had no written policies and procedures addressing these specifics relative to contracting.

Management's Response

The Jury approved a Procurement Policy on June 10, 2019.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

**The Jury had no written policies or procedures addressing these specifics relative to credit cards as of December 31, 2018.

Management's Response

The Jury approved a Credit Card Policy on February 11, 2019.

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

**The Jury had no written policies or procedures addressing these specifics relative to travel and expense reimbursements.

Management's Response

The Jury approved a Travel and Other Expense Reimbursement Policy on June 10, 2019.

- 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 Jury's ethics policy.

**The Jury approved on November 13, 2018 policies and procedures relative to ethics.

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

**The Jury had no written policies and procedures addressing these specifics relative to debt service as of December 31, 2018 but the Jury approved such on February 11, 2019.

Management's Response

The Jury approved a Debt Service Policy on February 11, 2019.

Collections

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

**The Jury had only one deposit site with all funds being received by one of the three employees working at that location. No cash drawers or registers were utilized.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

**The Jury's secretary and treasurer prepare the bank deposit, and the Jury's treasurer is responsible for reconciling collection documentation to the deposit, and the third employee makes the bank deposit.

Management's Response

The Jury's president reviews and initials all bank statements.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

**The Jury's secretary and the third employee collect cash while the Jury's treasurer is responsible for reconciling postings and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

**The Jury's treasurer reconciles cash collections and is not responsible for collecting cash.

- 4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Management verified that all employees are covered by a bond or insurance policy for theft.

- 5. Obtain a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select two deposit dates for each of the five bank accounts selected (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten deposits and:

- a) Observe that receipts are sequentially pre-numbered.

**The system reports observed were sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**The sequentially pre-numbered system reports were traced to the deposit slips.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**Deposit slip totals agreed to the actual deposits per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

**The deposits were not made within one business day of receipt at the collection location.

Management's Response

Due to staffing limitations, this is not economically feasible.

- e) Trace the actual deposit per the bank statement to the general ledger.

**The deposits were traced from the bank statements to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

6. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

7. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**Job duties were not properly segregated.

Management's Response

Due to staffing limitations, this is not economically feasible. However, the Jury's president reviews and initials all payments.

- b) At least two employees are involved in processing and approving payments to vendors.

**Job duties were properly segregated.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**Job duties were not properly segregated.

Management's Response

Due to staffing limitations, this is not economically feasible. However, the Jury's president reviews and initials all payments.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- **Job duties were properly segregated.**
8. For each location selected under #6 above, obtain the Jury's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
- **The five randomly selected disbursements matched the related original invoice/billing statement.**
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.
- **The Jury's president initialed approving each of the five randomly selected disbursements.**

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

9. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
10. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- **The five monthly statements or combined statements were reviewed and approved, in writing, by someone other than the authorized card holder.**
- b) Observe that finance charges and late fees were not assessed on the selected statements.
- **Finance charges and late fees were assessed on one of the four selected statements.**
11. Using the monthly statements or combined statements selected under #10 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should

have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**Each transaction was supported by an original itemized receipt identifying precisely what was purchased and written documentation of the business/public purpose. None of the selected transactions were for meal charges.

Travel and Travel-Related Expense Reimbursements¹ (excluding card transactions)

12. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

**The selected reimbursements included payment for mileage at the established rate of 54.5 cents.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

**None of the selected reimbursements were paid using actual costs.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

**All selected reimbursements were supported by documentation of the business/public purpose.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**All selected reimbursements were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Payroll and Personnel

13. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five

employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

14. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #13 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that 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.)

**All selected employees documented their daily attendance and leave.

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

**There was documentation that supervisors approved the attendance and leave of the five selected employees.

c) Observe that any leave accrued or taken during the pay period is reflected in the Jury's cumulative leave records.

**Leave accrued or taken during the pay period was maintained in writing by the Jury's secretary or treasurer for full time employees.

15. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**The two employees selected that were terminated worked less than a year.

16. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Management did represent that all were paid and filed by required deadlines.

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

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

/s/ Hill, Inzina & Co.

Bastrop, Louisiana

May 28, 2019