

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

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Management's Discussion and Analysis

Morehouse Parish Sheriff
Bastrop, Louisiana
Management's Discussion and Analysis
June 30, 2018 (Unaudited)

As management of the Morehouse Parish Sheriff, we offer readers of the Sheriff's financial statements this narrative overview and analysis of the financial activities of the Sheriff for the year ended June 30, 2018. We encourage readers to consider the information presented here, in conjunction with the basic financial statements, and the supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Sheriff's basic financial statements. The Sheriff's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Sheriff's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Sheriff's assets and liabilities, with the difference between the two 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 Sheriff is improving or deteriorating.

The statement of activities presents information showing how the Sheriff's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but not taken annual leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the current funds of the Sheriff are included in one category - governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis
June 30, 2018 (Unaudited)

The Sheriff maintains two individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund and the Corrections Fund. The Sheriff also maintains six agency funds.

Government-wide Financial Analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following tables focus on net position (Table 1) and changes in net position (Table 2) for the Sheriff's governmental activities.

	Table 1			
	Net Position			
	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2018	2017	2018	2017
Current and other assets	\$ 1,487,082	\$ 2,192,165	\$ 29,802	\$ 57,944
Capital assets (net)	2,216,494	2,104,560	-	-
Total assets	3,703,576	4,296,725	29,802	57,944
Deferred outflows of resources	1,138,375	1,713,141	-	-
Total assets and deferred outflows of resources	4,841,951	6,009,866	29,802	57,944
Long-term obligations	5,349,975	6,492,226	-	-
Other liabilities	479,735	465,139	-	-
Total liabilities	5,829,710	6,957,365	-	-
Deferred inflows of resources	893,143	1,150,431	-	-
Total liabilities and deferred inflows of resources	6,722,853	8,107,796	-	-
Net Position:				
Net investment in capital assets	2,001,168	1,838,724	-	-
Restricted	121,319	74,669	-	57,944
Unrestricted	(4,003,389)	(4,011,323)	29,802	-
Total net position	\$ (1,880,902)	\$ (2,097,930)	\$ 29,802	\$ 57,944

Management's Discussion and Analysis
 June 30, 2018 (Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2018	2017	2018	2017
Revenues				
Program revenues:				
Charges for services	\$ 4,408,248	\$ 4,963,435	\$ -	\$ -
Operating grants	1,197,149	1,291,882	23,845	21,769
Capital grants	-	-	-	-
General revenues:				
Property taxes	805,037	773,727	-	-
Sales taxes	2,422,857	2,766,245	-	-
Interest	675	713	-	-
Miscellaneous	398,452	405,183	1,500	1,000
Total revenues	<u>9,232,418</u>	<u>10,201,185</u>	<u>25,345</u>	<u>22,769</u>
Program expenses				
Public safety	8,879,761	9,814,649	53,487	9,557
Interest expense	6,515	10,199	-	-
OPEB obligation	129,114	159,557	-	-
Total expenses	<u>9,015,390</u>	<u>9,984,405</u>	<u>53,487</u>	<u>9,557</u>
Increase (decrease) in Net Position	<u>\$ 217,028</u>	<u>\$ 216,780</u>	<u>\$ (28,142)</u>	<u>\$ 13,212</u>

At the close of the fiscal year, liabilities and deferred inflows of the Sheriff exceeded assets and deferred outflows by \$1,880,902. Of that amount, \$2,001,168 represents the Sheriff's investment in capital assets net of accumulated depreciation and related debt. Those assets are not available for future spending. The balance represents a deficit in unrestricted net position.

Table 3 presents the cost of each of the Sheriff's major functions as well as the net cost for each function (total cost less revenues generated by those functions). The net cost shows the financial burden placed on the parish's taxpayers for each of those functions.

Management's Discussion and Analysis
June 30, 2018 (Unaudited)

Table 3
Governmental Activities

	Governmental Activities				Component Unit - Morehouse DARE, Inc.			
	Total Cost of Services		Net Cost of Services		Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017	2018	2017	2018	2017
Public safety	\$8,879,761	\$9,814,649	\$3,274,364	\$3,559,332	\$53,487	\$9,557	\$29,642	\$(12,212)
Interest expense	6,515	10,199	6,515	10,199	-	-	-	-
OPEB obligation	129,114	159,557	129,114	159,557	-	-	-	-
Totals	\$9,015,390	\$9,984,405	\$3,409,993	\$3,729,088	\$53,487	\$9,557	\$29,642	\$(12,212)

Financial Analysis of the Government's Funds. The Sheriff uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term revenue, expenditures, and balances of expendable resources. This information is used in assessing the financing requirements of the Sheriff. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, combined governmental fund balances of \$1,191,584 showed a decrease of \$703,007 over June 30, 2017. The General Fund's balance of \$655,434 was decreased \$1,450,186 by 2018 operations. The Corrections Fund's 2017 deficit balance of \$211,029 became fund balance of \$536,150. Operations resulted in a decrease of \$491,601 while a transfer from the General Fund of \$1,238,780 increased fund balance.

Except for the transfer from General to Corrections, the changes in fund balance for both funds were the result of normal operations. There were no significant variances in revenues or expenditures. The financial statement disclosures include discussion of a going concern issue due to the deficits in operations.

Budgetary Highlights

Budgeted revenues of the General Fund were decreased \$240,099 with an amendment. The decrease was due to expected decreases in sales taxes offset by various increases in other line items. Budgeted expenditures increased \$118,200 for anticipated increased expenditures in personal services and capital outlay. Actual revenues exceeded budgeted revenues by \$249,253 and actual expenditures exceeded budgeted expenditures by \$448,567.

Budgeted revenues of the Corrections Fund decreased \$390,032 with an amendment. The decrease was due to expected decreases in fees and commissions and other revenues. Budgeted expenditures decreased \$15,675 due to the amendment which decreased personal services, materials and supplies, and travel and other charges offset by increases in operating services and capital outlay. Actual revenues fell below budgeted revenues by \$74,794 while actual expenditures exceeded budgeted expenditures by \$79,426.

Management's Discussion and Analysis
June 30, 2018 (Unaudited)

Capital Asset and Debt Administration

Capital Assets. The Sheriff's investment in capital assets for its governmental activities as of June 30, 2018, totals \$2,216,494 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture and equipment, vehicles, and public safety equipment. During the year, the Sheriff purchased equipment totaling \$33,275, and vehicles totaling \$257,465. Additionally, during the year, the Sheriff completed \$102,746 in improvements to the operations center, which totaled \$384,173. Also, during the year, the Sheriff disposed of equipment and vehicles totaling \$56,796 and \$139,766, respectively.

Long-Term Obligations. At the end of the year, Sheriff had total long-term debt of \$215,326 which consisted of bonds payable. The Sheriff is also obligated for compensated absences of \$137,274, an OPEB obligation of \$2,307,990, and a net pension liability of \$2,873,622. There was no new debt during 2018.

Economic Factors and Next Year's Budgets

The Sheriff's financial plan for this upcoming year is well underway since the adoption of a realistic budget that meets the needs of the parish while protecting the long-term financial stability of the sheriff's department.

The 2019 General Fund and Corrections Fund budgets are similar to 2018 budgets.

Requests for Information

This financial report is designed to be a summary of the Morehouse Parish Sheriff's finances. If there are any questions regarding any information, a request can be made in writing to Morehouse Parish Sheriff Mike Tubbs, 351 South Franklin, Bastrop, Louisiana 71220.



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mike Tubbs
Morehouse Parish Sheriff
Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, and each major fund of the Morehouse Parish Sheriff, as of June 30, 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.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report
June 30, 2018

Substantial Doubt about the Sheriff's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Morehouse Parish Sheriff, will continue as a going concern. As discussed in Note 20 to the financial statements, until 2018, the Corrections Fund experienced operating deficits averaging more than \$300,000 per year. The deficits have thus far been eliminated by transferring funds from the General Fund. The Sheriff may not be able to sustain such transfers. Over the last five years, the General Fund has maintained an average operating income of \$137,397. However, the 2018 operating loss for the General Fund was \$322,768 before other sources and transfers out of \$1,238,780 to the Corrections Fund, leaving a fund balance of \$655,434. Average annual expenditures for the last five years were \$4,595,545. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 20. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 1-5), Budgetary Comparison Schedule (44-46), Employee Health Care Plan - Schedule of Funding Progress (47), Schedule of Sheriff's Proportionate Share of Net Pension Liability (48), and Schedule of Sheriff's Contributions (page 49) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish Sheriff's basic financial statements. The Fiduciary Fund Type – Agency Funds Combining Schedules; the Affidavit regarding cash on hand, taxes assessed, and taxes collected; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Fiduciary Fund Type – Agency Funds Combining Schedules; the Affidavit regarding cash on hand, taxes assessed, and taxes collected; and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Fiduciary Fund Type – Agency Funds Combining Schedules; the Affidavit regarding cash on hand, taxes assessed, and taxes collected; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report
June 30, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019, on our consideration of the Morehouse Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Morehouse Parish Sheriff's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana
July 22, 2019

Basic Financial Statements

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	Governmental Activities	Component Unit - Morehouse DARE, Inc.
ASSETS		
Cash and cash equivalents	\$ 601,542	\$ 29,802
Receivables	831,657	-
Internal balances	53,883	-
Capital assets, net of accumulated depreciation	2,216,494	-
Total assets	<u>3,703,576</u>	<u>29,802</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	<u>1,138,375</u>	<u>-</u>
LIABILITIES		
Accounts, salaries and other payables	295,498	-
Compensated absences	137,274	-
Revenue bonds due within one year	46,963	-
Revenue bonds payable in more than one year	168,363	-
Net OPEB obligation	2,307,990	-
Net pension liability	<u>2,873,622</u>	<u>-</u>
Total liabilities	<u>5,829,710</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	<u>893,143</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	2,001,168	-
Restricted	121,319	-
Unrestricted	<u>(4,003,389)</u>	<u>29,802</u>
Net position	<u>\$ (1,880,902)</u>	<u>\$ 29,802</u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS - GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	COMPONENT	
					GOVERNMENTAL ACTIVITIES	UNIT - MOREHOUSE DARE, INC.
Public safety	\$ 8,879,761	\$ 4,408,248	\$ 1,197,149	\$ -	\$(3,274,364)	
Interest expense	6,515	-	-	-	(6,515)	
OPEB obligation	129,114	-	-	-	(129,114)	
Total governmental activities	<u>\$ 9,015,390</u>	<u>\$ 4,408,248</u>	<u>\$ 1,197,149</u>	<u>\$ -</u>	<u>\$(3,409,993)</u>	
Component Unit - Morehouse DARE, Inc.	<u>\$ 53,487</u>	<u>\$ -</u>	<u>\$ 23,845</u>	<u>\$ -</u>		\$ (29,642)
General revenues:						
Property taxes levied for:						
Public safety					805,037	-
Sales and use taxes levied for public safety					2,422,857	-
Unrestricted investment earnings					675	-
Gain (loss) on disposal of capital assets					51,386	-
Donations					597	1,500
Other					346,469	-
Total general revenues					<u>3,627,021</u>	<u>1,500</u>
Change in net position					217,028	(28,142)
Net position at beginning of year					(2,097,930)	57,944
Net position at end of year					<u>\$(1,880,902)</u>	<u>\$ 29,802</u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL FUNDS - BALANCE SHEET
AS OF JUNE 30, 2018**

ASSETS	GENERAL CORRECTIONS		
	FUND	FUND	TOTALS
Cash and cash equivalents	\$ 413,884	\$ 187,658	\$ 601,542
Receivables	381,663	449,994	831,657
Due from other funds	114	59,478	59,592
Total assets	\$ 795,661	\$ 697,130	\$ 1,492,791
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 36,706	\$ 114,287	\$ 150,993
Salaries and related payables	97,812	46,693	144,505
Due to other funds	5,709	-	5,709
Total liabilities	140,227	160,980	301,207
Fund equity - fund balances:			
Unassigned	534,115	-	534,115
Restricted	121,319	536,150	657,469
Total fund equity - fund balances	655,434	536,150	1,191,584
Total liabilities and fund equity	\$ 795,661	\$ 697,130	\$ 1,492,791

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS'
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Total fund balances - governmental funds	\$ 1,191,584
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources	2,216,494
Deferred inflows - pension related	1,138,375
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Compensated absences	(137,274)
Revenue bonds payable	(215,326)
Net OPEB obligation	(2,307,990)
Net pension liability	(2,873,622)
Deferred inflows - pension related	<u>(893,143)</u>
Net position of governmental activities	<u><u>\$(1,880,902)</u></u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	CORRECTIONS FUND	TOTALS
Revenues:			
Taxes:			
Ad valorem	\$ 805,037	\$ -	\$ 805,037
Sales and use	2,422,857	-	2,422,857
Intergovernmental funds:			
Federal funds:			
Other federal funds	100,133	-	100,133
State funds:			
State revenue sharing	97,309	-	97,309
NLDEB	42,693	-	42,693
State supplemental pay	548,634	-	548,634
Other state funds	61,534	-	61,534
Local funds	346,846	-	346,846
Fees, charges and commissions for services	114,415	4,066,496	4,180,911
Fines and forfeitures	227,337	-	227,337
Use of money and property	525	150	675
Donations	597	-	597
Other revenues	24,592	2,441	27,033
Total revenues	<u>4,792,509</u>	<u>4,069,087</u>	<u>8,861,596</u>
Expenditures:			
Current:			
Public safety:			
Personal services	3,896,281	2,848,584	6,744,865
Operating services	459,355	562,008	1,021,363
Material and supplies	383,366	826,162	1,209,528
Travel and other charges	44,046	205,654	249,700
Debt service	-	57,023	57,023
Capital outlay	332,229	61,257	393,486
Total expenditures	<u>5,115,277</u>	<u>4,560,688</u>	<u>9,675,965</u>
Excess (deficiency) of revenues over expenditures	<u>(322,768)</u>	<u>(491,601)</u>	<u>(814,369)</u>
Other sources (uses):			
Operating transfers in	-	1,238,780	1,238,780
Operating transfers out	(1,238,780)	-	(1,238,780)
Proceeds from the sale of assets	111,362	-	111,362
Total other sources (uses)	<u>(1,127,418)</u>	<u>1,238,780</u>	<u>111,362</u>
Net change in fund balances	(1,450,186)	747,179	(703,007)
Fund balances at beginning of year	2,105,620	(211,029)	1,894,591
Fund balances at end of year	<u>\$ 655,434</u>	<u>\$ 536,150</u>	<u>\$ 1,191,584</u>

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

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ (703,007)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	393,486
Depreciation expense	(277,590)
Proceeds from sale of assets	(55,348)
Gain (loss) on the disposal of assets	51,386

Governmental funds report the retirement of long-term debt as an expenditure. However, in the government-wide financial statements, that amount representing principal on long-term debt is not treated as an expense but is instead applied against outstanding long-term debt on the Statement of Net Position:

Payments on bonds	50,510
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Some items reported in the statement of activities, such as the change in the OPEB obligation, change in GASB 68 pension liability, or a net decrease or increase in compensated absences, do not require the use of current financial resources, nor do they provide any, and therefore are not reported as expenditures or revenues in the governmental funds:

Change in compensated absences payable	(16,672)
Change in OPEB obligation	(129,114)
Pension expense	639,955
Nonemployer contributions to pension plan	<u>263,422</u>

Change in net position of governmental activities	<u>\$ 217,028</u>
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The accompanying notes are an integral part of these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS - STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS

Cash and cash equivalents	<u>\$ 350,223</u>
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LIABILITIES

Due to other funds	\$ 53,883
Due to taxing bodies and others	<u>296,340</u>
Total liabilities	<u>\$ 350,223</u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Introduction

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

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

As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes; occupational licenses; beer and liquor licenses; state revenue sharing; and fines, costs, and bond forfeitures imposed by the district court.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The accompanying financial statements and notes thereto are presented in accordance with Statement No. 34.

Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, as amended by subsequent statements, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the jury is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Sheriff may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. In accordance with GASB Statement 14, the reporting entity for Morehouse Parish Sheriff consists of (a) the primary government (Sheriff), (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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Sheriff 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 Sheriff.
2. Organizations for which the Sheriff does not appoint a voting majority but are fiscally dependent on the Sheriff.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As the governing authority of the parish, for reporting purposes, Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The Sheriff is an independently elected official that is not fiscally dependent on Morehouse Parish Police Jury. Therefore, the Sheriff is not a component unit of the financial reporting entity for Morehouse Parish.

Component units that are legally separate from the Sheriff, but are financially accountable to the Sheriff, or whose relationship with the Sheriff is such that exclusion would cause the Sheriff's financial statements to be misleading or incomplete are discretely presented. The component unit column on the statement of net position and on the statement of activities includes the financial data of Morehouse Dare Inc. ("DARE"), the discretely presented component unit. The component unit's data is reported in a separate column to emphasize that it is legally separate from the Sheriff. The purpose of DARE is to develop, promote, monitor, and evaluate the drug awareness program parish wide. DARE is financially accountable to the Sheriff because (1) the director of DARE is an employee of the Sheriff (criteria 1. above), and (2) because the Sheriff can impose its will on DARE by the Sheriff's ability to affect the activities and level of service performed by DARE (criteria 1.a. above). In addition, the Sheriff provides funding in the form of state grant funds being passed through to the organization and the Sheriff can reassign or dismiss those persons responsible for the day-to-day operations of DARE.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. In the government-wide presentation, governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary fund financial statements, where applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program revenues included in the statement of activities are derived directly from users as a fee for services or are grants that are restricted to meeting the requirement of a particular program. Program revenues reduce the cost of the function to be financed from the Sheriff's general revenues.

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and, where applicable, proprietary and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and, where applicable, major individual enterprise funds are reported as separate columns in the fund financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

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

Governmental Fund Type

The Sheriff's current year financial statements include the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Sheriff. It accounts for all financial resources except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Sheriff's policy.

Corrections Fund – The Corrections Fund is used to account for the operation and maintenance of the Morehouse Parish Jail Annex and the Collinston Detention Center. The primary source of revenue is state funds for feeding and maintaining state prisoners.

Fiduciary fund Type

Fiduciary fund reporting focuses on net asset and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections, fines, and licenses), deposits held pending court action, inmates' personal funds, and funds earned by inmates under the work release program. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Revenues

Ad valorem taxes and the related state revenue sharing are recorded as revenue in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Sales and use taxes are recognized as revenue when received by the Sheriff's collection agent, Morehouse Parish Sales and Use Tax Commission. Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds. Interest income on time deposits is recorded when the time deposits have matured, and the interest is available.

Based on the above criteria, ad valorem taxes; state revenue sharing; sales and use taxes; intergovernmental revenues; and fees, charges, and commissions for services are treated as susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Sheriff.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Expenditures

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid and insurance proceeds are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Budgets and Budgetary Accounting

Proposed budgets for the General Fund and the Corrections Fund are prepared on the modified accrual basis of accounting and published in the official journal prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is not used. However, formal budgetary integration is employed as a management control device during the fiscal year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

Deposits and Investments

The Sheriff's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law allows the Sheriff to invest in collateralized certificates of deposits, government backed securities, commercial paper, the Louisiana Asset Management Pool (a state sponsored investment pool), and mutual funds consisting solely of government backed securities. Currently, the agency funds' investments consist of non-negotiable certificates of deposit with original maturities that exceeded ninety days and are reported in the accompanying financial statements at cost, which approximates market value.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Taxes

All property tax receivables are shown net of uncollectible accounts. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15th. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected during December, January and February of the fiscal year.

As provided by Louisiana Revised Statute 33:9001 a law enforcement district has been created for the purpose of providing financing to the office of the Sheriff. Louisiana Revised Statute 33:9003 requires the district to levy a tax on the assessed valuation of all property appearing on the 1977 and subsequent tax rolls in an amount that would produce for the district in the initial year the same revenue as that estimated to be produced by the Sheriff's commission on ad valorem taxes for the fiscal year ended June 30, 1977. For the 2017 tax roll, the district levied 5.46 mills on property with an assessed value of \$181,368,227.

The difference between authorized and levied millage is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2012 assessed valuation (amounts expressed in thousands):

	2018 Assessed Valuation	Percent of Total Assessed Valuation	Tax
Entergy Louisiana Holdings, Inc.	\$ 8,228	4.54%	\$ 833
Texas Gas Transmission Corp.	7,329	4.04%	687
Midcontinent Express Pipeline, LLC	5,025	2.77%	478
Gulf Crossing Pipeline Company	3,697	2.04%	351
Union Pacific Corp. Tax	3,807	2.10%	350
Tennessee Gas Pipeline	2,479	1.37%	221
Southern Natural Gas Co.	2,673	1.47%	221
Wal-Mart Real Estate Business Trust	1,599	0.88%	210
Kennedy Rice Dryers, LLC	1,908	1.05%	194
AgSpring Mississippi Region, LLC	2,864	1.58%	178
Total	\$ 39,609	21.84%	\$ 3,723

Sales and Use Taxes

In October of 1998, voters of the parish approved a one-half of one percent sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, are dedicated to operation of the law enforcement district. In May 2009, the tax was renewed for ten years expiring in January 2019. The Sheriff has entered into an agreement with Morehouse Parish Sales and Use Tax Commission for collection of the tax. For its services, the collection agent receives a one and one-half percent (1.5%) collection fee.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales and Use Taxes (Continued)

In April of 2011, voters of the parish approved an additional one percent sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, are dedicated to operation of the law enforcement district. The Sheriff has entered into an agreement with Morehouse Parish Sales and Use Tax Commission for collection of the tax. For its services, the collection agent receives a one and one-half percent (1.5%) collection fee.

Capital Assets

Capital assets, which include property, plant, equipment, etc., are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available.

Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend their useful lives are not capitalized.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 Years
Equipment	5 - 15 Years
Vehicles	5 Years

Compensated Absences

Employees of the Sheriff earn from ten to thirty days of vacation leave each year, depending on length of service. The Sheriff requires employees to use all accrued vacation days prior to the employee's next anniversary date unless approved for carryover by the chief deputy or sheriff.

Employees earn three to six hours of sick leave each pay period, depending on length of service up to a maximum of 156 hours per year. Employees can accrue an unlimited amount of sick leave.

Employees earn compensatory time at the rate of one hour earned for one hour worked until eighty-six hours accumulated in a fourteen-day work period. Thereafter, time is earned at the rate of one and half times each overtime hour worked. Employees may accumulate unused compensatory time. Accumulated compensatory time is paid to the employee in the form of days off or is paid to the employee at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time 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.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The cost of accumulated compensatory time is reported as an expenditure of the General Fund when the employee uses the time in the form of days off or is paid for accumulated time upon separation from service.

Long-term Obligations

In the government-wide financial statements, long-term obligations, such as certificates of indebtedness and compensated absences are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize long-term obligations only to the extent that they will be paid with current resources. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for long-term debt principal and interest are recorded in the fund financial statements in the year payments are due.

Accounting principles generally accepted in the United States of America require that postemployment benefits for retired employees be accrued and reported as liabilities in the government-wide financial statements.

Fund Equity

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Sheriff classifies governmental fund balances as follows:

Non-spendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Fund balance may be committed by the Sheriff.

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Sheriff.

Unassigned fund balance includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Sheriff, which are either unusual in nature or infrequent in occurrence.

Estimates

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that the Sheriff's deposits may not be returned to it in the event of a bank failure. The Sheriff's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the Sheriff may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Sheriff has cash and cash equivalents (book balances) totaling \$951,765, as follows:

Primary government:	
Demand deposits	\$ 943,494
Cash on hand	7,271
Petty cash	<u>1,000</u>
Total	951,765
Amounts held in agency funds	<u>(350,223)</u>
Total primary government	<u>\$ 601,542</u>
Component unit:	
Demand deposits	<u>\$ 29,802</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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2018, the Sheriff had bank balances of \$1,280,957, of which \$906,082 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 374,875</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Sheriff's name	<u>906,082</u>
Total balances exposed to custodial credit risk	<u>906,082</u>
Total bank balances	<u>\$ 1,280,957</u>

NOTE 3 - RECEIVABLES

The receivables of \$885,540 at June 30, 2018, are as follows:

	<u>General Fund</u>	<u>Corrections Fund</u>	<u>Totals</u>
Taxes:			
Property	\$ 3,051	\$ -	\$ 3,051
Sales	212,122	-	212,122
Intergovernmental:			
Federal grants	2,951	-	2,951
State grants	103,460	-	103,460
Local grants	37,386	-	37,386
Fees, charges and commissions for services	9,586	449,994	459,580
Fines and forfeitures	13,098	-	13,098
Other	8	-	8
Total governmental funds	<u>\$ 381,663</u>	<u>\$ 449,994</u>	<u>\$ 831,657</u>
Due from agency funds			<u>53,883</u>
Total government-wide			<u>\$ 885,540</u>

NOTE 4 - INTERFUND BALANCES

Interfund balances as of June 30, 2018, were as follows:

		<u>Due To</u>		
		Fiduciary		
		Funds -		
		<u>General</u>	<u>Agency Fund</u>	<u>Total</u>
Due From	General	\$ -	\$ 114	\$ 114
	Corrections	5,709	53,769	59,478
	Total	<u>\$ 5,709</u>	<u>\$ 53,883</u>	<u>\$ 59,592</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in Progress	\$ 281,427	\$ 102,746	\$ (384,173)	\$ -
Total capital assets not being depreciated	<u>281,427</u>	<u>102,746</u>	<u>(384,173)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and improvements	3,125,673	384,173	-	3,509,846
Equipment	759,202	33,275	(56,796)	735,681
Vehicles	1,310,588	257,465	(139,766)	1,428,287
Total capital assets being depreciated	<u>5,195,463</u>	<u>674,913</u>	<u>(196,562)</u>	<u>5,673,814</u>
Less accumulated depreciation for:				
Buildings and improvements	1,788,285	87,745	-	1,876,030
Equipment	606,274	43,741	(55,939)	594,076
Vehicles	977,771	146,104	(136,661)	987,214
Total accumulated depreciation	<u>3,372,330</u>	<u>277,590</u>	<u>(192,600)</u>	<u>3,457,320</u>
Total capital assets being depreciated, net	<u>1,823,133</u>	<u>397,323</u>	<u>(3,962)</u>	<u>2,216,494</u>
Total capital assets, net	<u>\$ 2,104,560</u>	<u>\$ 500,069</u>	<u>\$ (388,135)</u>	<u>\$ 2,216,494</u>

Depreciation expense of \$277,590 is included in public safety expenses of the primary government on the statement of activities.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	<u>Revenue Refunding Bond</u>	<u>Compensated Absences</u>	<u>Net OPEB Obligation</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance at beginning of year	\$ 265,836	\$ 120,602	\$ 2,178,876	\$ 4,094,477	\$ 6,659,791
Additions	-	86,940	256,966	-	343,906
Deductions	(50,510)	(77,566)	(127,852)	(1,220,855)	(1,476,783)
Adjustments	-	7,298	-	-	7,298
Balance at end of year	<u>\$ 215,326</u>	<u>\$ 137,274</u>	<u>\$ 2,307,990</u>	<u>\$ 2,873,622</u>	<u>\$ 5,534,212</u>

As discussed in Note 1, upon separation from service, employees are paid for accumulated leave at their then current rate of pay. Adjustments to the compensated absence liability include adjusting the ending liability to ending pay rates and to limitations on the hours for which an employee will be paid.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

During the year ended June 30, 1998, the Sheriff entered into a loan agreement for \$2,915,000. The proceeds of the loan were used to pay in full an existing loan with Farmers' Home Administration. The original loan was used for construction and furnishing of the detention center in Morehouse Parish. On August 1, 2012, the District issued revenue and refunding bond, Series 2012. The bond retired the 1998 loan. All debt retirement payments on the loan are made from the Corrections Fund. The 1998 loan bore interest at 5.79% while the 2012 bond bears interest at 3.50%. The final principal and interest payment is due July 1, 2022. The annual requirements to amortize the bond outstanding as of June 30, 2018, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 48,486	\$ 6,799	\$ 55,285
2020	52,154	5,008	57,162
2021	54,009	3,153	57,162
2022	55,930	1,232	57,162
2023	4,747	15	4,762
	<u>\$ 215,326</u>	<u>\$ 16,207</u>	<u>\$ 231,533</u>

Interest costs of \$6,513 were incurred and expensed in the Corrections Fund for the year ended June 30, 2018.

NOTE 7 - RETIREMENT SYSTEM

Sheriffs' Pension and Relief Fund (System)

Plan Description

The Morehouse Parish Sheriff contributes to the Sheriffs' Pension and Relief Fund (System) which is a cost sharing multiple employer defined benefit pension plan. All sheriffs and deputies who are 18 years or older at the time of original employment, who earn not less than \$400 per month if employed after September 7, 1979, and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed after January 1, 2000, are required to participate in the System.

Any member of the System who was hired on or before December 31, 2011, can retire providing the member meets on of the following criteria:

1. Age 55 with 12 years of creditable service.
2. Any age with 30 years of creditable service.
3. Active, contributing members with at least ten years of creditable service may retire at age 60, with the accrued normal retirement benefit reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

Any member of the System who was hired on or after January 1, 2012, can retire providing the member meets on of the following criteria:

1. Age 62 with 12 years of creditable service.
2. Age 60 with 20 years of creditable service.
3. Age 55 with 30 years of creditable service.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

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

For members hired on or after January 1, 2012, the retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optimal payment form) 100% of average final compensation. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service the accrual rate is three and one-third percent. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

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

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

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

For the year ended June 30, 2018, the Morehouse Parish Sheriff's total payroll for all employees was \$5,028,880. Total covered payroll was \$4,352,839. Covered payroll refers to all compensation paid by the Morehouse Parish Sheriff to active employees covered by the Plan.

The System also provides death and disability benefits; benefits are established or amended by state statute.

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2018, the actual employer contribution rate was 12.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes, insurance premium taxes, and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Members are required by state statute to contribute 10.25% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Morehouse Parish Sheriff to the System monthly. The Morehouse Parish Sheriff's contributions to the System for the year ending June 30, 2018 were \$554,987.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Employer reported a liability of \$2,873,622 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Morehouse Parish Sheriff's proportion of the Net Pension Liability was based on a projection of the Morehouse Parish Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Morehouse Parish Sheriff's proportion was 0.663612%, which was an increase of 0.018497% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Morehouse Parish Sheriff recognized pension expense of \$527,117 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, (\$1,167,072). Total pension expense was (\$639,955).

**MOREHOUSE PARISH SHERIFF
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**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

At June 30, 2018, the Morehouse Parish Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$500,231
Changes in assumptions	505,629	-
Net difference between projected and actual earnings on pension plan	-	41,245
Changes in employer's proportion of beginning net pension liability	77,759	351,667
Differences between employer and proportionate share of contributions	-	-
Subsequent measurement contributions	554,987	-
Total	\$1,138,375	\$893,143

The \$554,987 reported as deferred outflows of resources related to pensions resulting from Morehouse Parish Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$35,033
2020	35,033
2021	35,033
2022	35,033
2023	35,033
2024	35,033
2025	35,033

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense
Discount Rate	7.4%
Projected salary increases	5.5% (2.775% inflation, 2.725% merit)
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables for active members, healthy annuitants and beneficiaries
Expected remaining service lives	2017 – 7 years 2016 – 7 years 2015 – 6 years 2014 – 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

Estimates of arithmetic real rates of return for each major asset class based on the Fund’s target asset allocation as of June 30, 2017 were as follows:

Asset Class	Expected Rate of Return		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	60%	7.4%	4.4%
Bonds	25%	2.6%	0.7%
Alternative investments	15%	4.2%	0.6%
Cash and cash equivalents	-	-	-
Totals	100%		5.7%
Inflation			2.6%
Expected arithmetic nominal return			8.3%

Discount Rate

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund’s actuary. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Morehouse Parish Sheriff’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Morehouse Parish Sheriff’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Morehouse Parish Sheriff’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Employer’s proportionate share of net pension liability	\$5,920,418	\$2,873,622	\$310,157

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in the separately issued Sheriff's Pension and Relief Fund audit report for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Effective for the year ended June 30, 2011, the Morehouse Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45). This statement has been implemented prospectively. Using this method, the beginning other post-employment benefit (OPEB) liability is set at zero and the actuarially determined OPEB liability relative to past service will be amortized and recognized as an expense over thirty years.

Plan description

The Morehouse Parish Sheriff's Office's medical benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption as to time of actual retirement.

Contribution Rates

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

Fund Policy

Until the fiscal year ending 2011, the Morehouse Parish Sheriff's Office recognized the cost of providing post-employment medical benefits (the Morehouse Parish Sheriff's Office's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. During the year ended June 30, 2018, the Morehouse Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$127,852.

Effective with the fiscal year beginning July 1, 2010, the Morehouse Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45).

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual Required Contribution

The Morehouse Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. However, GASB 45 requires that the valuation be updated at least triennially for plans with a total membership of fewer than 200. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2016 is \$290,703, as set forth below:

	<u>Medical</u>
Normal cost	\$ 93,928
30-year UAL amortization amount	<u>196,775</u>
Annual required contribution (ARC)	<u>\$290,703</u>

The actuarial valuation will be updated approximately every three years. In management's opinion, the change in the liability is not likely to be significant to readers of these financial statements.

Net Post-Employment Benefit Obligation (Asset)

The table below shows the Morehouse Parish Sheriff's Office's Net Other Post-Employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2018:

Beginning net OPEB obligation (Asset) 7/1/2017	<u>\$ 2,178,876</u>
Annual required contribution	290,703
Interest on net OPEB obligation (Asset)	80,773
ARC adjustment	<u>(114,510)</u>
OPEB cost	256,966
Contribution Current year retiree premium	<u>(127,852)</u>
Change in net OPEB obligation	<u>129,114</u>
Ending net OPEB obligation (Asset) 6/30/2018	<u>\$ 2,307,990</u>

The following table shows the Morehouse Parish Sheriff's Office's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical	June 30, 2018	\$ 256,966	49.75%	\$ 2,307,990

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress

In the fiscal year ending June 30, 2018, the Morehouse Parish Sheriff's Office made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2016, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$3,437,236, which is defined as that portion, as determined by a particular actuarial cost method (the Morehouse Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in the fiscal year ended June 30, 2018, the entire actuarial accrued liability of \$3,437,236 was unfunded.

Actuarial accrued liability (AAL)	\$3,437,236
Actuarial value of plan assets	-
Unfunded actual accrued liability (UAAL)	<u>3,437,236</u>
Funded ratio (Act. Val. Assets/AAL)	0%
Covered payroll (active plan members)	<u>\$4,015,758</u>
UAAL as a percentage of covered payroll	85.59%

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method

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

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12.5%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
30	25.0%
40	25.0%
50	15.0%

Post-employment Benefit Plan Eligibility Requirements

Historically, employees have retired after age 55 and 18 years of service. We have therefore assumed that employees retire three years after the earlier of that historical retirement age or age 60 and 15 years of service. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service. Entitlement to benefits continues through Medicare to death.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2014, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2017 and later.

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Method of Determining Value of Benefits

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

NOTE 9 – CHANGES IN AGENCY FUNDS' BALANCES

A summary of changes for the year ended June 30, 2018 in agency funds' balances due to taxing bodies and others is as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>
Tax Collector Fund	\$ 5,659	\$ 13,908,864	\$ (13,904,368)	\$ 10,155
Criminal Fund	218,386	512,954	(580,604)	150,736
Civil Fund	24,297	327,622	(319,347)	32,572
License Fund	-	88,059	(88,059)	-
Inmate Commissary Fund	58,790	617,643	(619,874)	56,559
Inmate Work Release Fund	189,107	1,051,638	(1,140,544)	100,201
Totals	<u>\$ 496,239</u>	<u>\$ 16,506,780</u>	<u>\$ (16,652,796)</u>	<u>\$ 350,223</u>

NOTE 10 – TAX COLLECTOR ENDING CASH BALANCE

Except for protested taxes, at June 30, 2018, the tax collector has no cash and cash equivalents (book balances).

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 11 – AD VALOREM TAXES COLLECTED

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2018, by taxing body, as follows:

Louisiana Department of Agriculture & Forestry	\$	12,598
Tensas Basin Levee District		172,572
Louisiana Tax Commission		17,530
Morehouse Parish:		
Assessor		500,416
Police Jury		2,094,100
School Board		5,338,391
Sheriff		780,631
Library		457,998
Bastrop Fire District No. 2		1,162,342
Ward 2 Cemetery		32,286
Ward 2 Fire District		80,300
Ward 5 Fire District		51,526
Ward 6 Fire District		120,189
Ward 8 Fire District		57,585
Ward 10 Fire District		35,867
Bonne Idee Drainage District		24,891
Hospital Service District		1,799,079
Total	\$	<u>12,738,301</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 12 – AD VALOREM TAXES UNCOLLECTED AND UNSETTLED

The tax collector has not collected and disbursed the following taxes for the year ended June 30, 2018, by taxing body, as follows:

Tensas Basin Levee District	\$ 2,417
Morehouse Parish:	
Assessor	5,742
Police Jury	24,402
School Board	66,998
Sheriff	8,957
Library	5,429
Bastrop Fire District No. 2	13,965
Ward 2 Cemetery	1,308
Ward 2 Fire District	3,254
Ward 5 Fire District	24
Ward 6 Fire District	61
Ward 8 Fire District	4,193
Ward 10 Fire District	62
Bonne Idee Drainage District	22
Hospital Service District	21,326
Agricultural Center	935
Total	<u>\$ 159,095</u>

The majority of uncollected taxes consist of gas and oil wells and moveable property. The Sheriff has hired an outside firm to collect outstanding taxes. There are also several assessments that have been determined to be “no property found”, but the assessor has not removed those assessments from the tax roll.

NOTE 13 – AD VALOREM TAXES PAID UNDER PROTEST

Unsettled balances due to taxing bodies and others reported in the agency funds as of June 30, 2018, include \$10,155 of taxes paid under protest. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

NOTE 14 – ON-BEHALF PAYMENTS

Certain employees receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Sheriff has recorded revenues and expenditures for these payments in the General Fund. Revenues of \$548,634, under this arrangement, are presented as supplemental pay on the statement of revenues and expenditures. The related expenditures are included in public safety expenditures in the General Fund.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 15 - RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; liability; and injuries to employees or others. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability and medical payments, workers' compensation, general liability, and surety bond coverage on the secretary/treasurer and other employees handling money. There were no significant reductions in the Sheriff's insurance coverage during the fiscal year. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

NOTE 16 - LITIGATION

As of June 30, 2018, the Sheriff was involved in several lawsuits. In the opinion of legal counsel, resolution of these lawsuits will not result in any liability in excess of insurance coverage.

NOTE 17 – EXPENDITURES OF SHERIFF'S OFFICE PAID BY POLICE JURY

The Sheriff's offices were constructed by the Morehouse Parish Police Jury. Certain costs of maintaining and operating the offices, as required by Louisiana Revised Statute 33:4715, are paid by the Morehouse Parish Police Jury.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2019, the date on which the financial statements were available to be issued.

NOTE 19 – NEW ACCOUNTING STANDARDS

GASB has issued the following statements:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. This statement was not implemented in these financial statements. The most current valuation is as of June 30, 2017. Valuations are updated at least every three years. Management has concluded that the cost of earlier implementation outweighs the benefits and the differences are immaterial.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This statement has been implemented.

Statement No. 77, Tax Abatement Disclosures - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This statement does not affect these financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 19 – NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 79, Certain External Investment Pools and Pool Participants - The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14 - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 81, Irrevocable Split-Interest Agreements - The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73 - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. This statement has been implemented.

Statement No. 83, Certain Asset Retirement Obligations - The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 84, Fiduciary Activities - The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 85, Omnibus 2017 - The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 86, Certain Debt Extinguishment Issues - The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 87, Leases - For reporting periods beginning after December 15, 2019. This statement does not affect these financial statements.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 19 – NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61 - The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

NOTE 20 – UNCERTAINTY ABOUT GOING CONCERN

During the year ended June 30, 2018, the Corrections Fund's expenditures exceeded its revenues by \$491,601 or 12%, initially resulting in an ending deficit of \$702,630.

At June 30, 2017, the Corrections Fund owed the General Fund \$1,110,871 for expenses paid by the General Fund. During the fiscal year ended June 30, 2018, expenses of \$3,017,202 were paid by the General Fund while \$2,889,293 was repaid leaving a balance of \$1,238,780. The balance represents approximately five months of expenses. As it is apparent that the Corrections will not be able to repay the General Fund, the balance was reclassified to a transfer.

The adjustment to record the transfer reduced the General Fund's fund balance from \$1,894,214 to \$655,434. Since General Fund expenditures average \$4,600,000, fund balance is only 14% of one year of expenditures. After the transfer, the Corrections Fund presented a fund balance of \$536,150. Since the Corrections Fund averages \$4,800,000 in expenditures annually, fund balance only represents about 11% of annual expenditures. Without considering any additional transfers between the two funds, if the results of the next three years were the same as fiscal year 2018, the General Fund and the Corrections Fund would have deficits of \$312,780 and \$819,369, respectively.

It is unclear whether discontinuance of certain operations will be necessary to eliminate the uncertainty. Although the Sheriff is evaluating the conditions, there are no solid plans to eliminate the uncertainty.

The financial statements do not include any adjustments that might be necessary if the Sheriff is unable to continue as a going concern.

Required Supplemental Information (Part II)

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
Revenues:				
Taxes:				
Ad valorem	\$ 768,737	\$ 772,737	\$ 805,037	\$ 32,300
Sales and use	2,768,114	2,357,368	2,422,857	65,489
Intergovernmental funds:				
Federal funds:				
Other federal funds	10,545	28,550	100,133	71,583
State funds:				
State revenue sharing	97,287	97,287	97,309	22
NLDEB	-	10,000	42,693	32,693
DARE	-	40,708	-	(40,708)
State supplemental pay	519,640	593,312	548,634	(44,678)
Other state funds	14,620	28,620	61,534	32,914
Local funds	221,053	315,715	346,846	31,131
Fees, charges, and commissions for services	170,164	119,114	114,415	(4,699)
Fines and forfeitures	156,116	153,266	227,337	74,071
Use of money and property	406	406	525	119
Other revenues	56,673	26,173	24,592	(1,581)
Donations	-	-	597	597
Total revenues	<u>4,783,355</u>	<u>4,543,256</u>	<u>4,792,509</u>	<u>249,253</u>
Expenditures:				
Current:				
Public safety:				
Personal services	3,643,400	3,645,400	3,896,281	250,881
Operating services	423,500	459,880	459,355	(525)
Material and supplies	244,500	333,220	383,366	50,146
Travel and other charges	35,110	28,060	44,046	15,986
Debt service	22,000	-	-	-
Capital outlay	180,000	200,150	332,229	132,079
Total expenditures	<u>4,548,510</u>	<u>4,666,710</u>	<u>5,115,277</u>	<u>448,567</u>
Excess (deficiency) of revenues over expenditures	<u>234,845</u>	<u>(123,454)</u>	<u>(322,768)</u>	<u>(199,314)</u>
Other sources (uses):				
Operating transfers in	-	10,000	-	(10,000)
Operating transfers out	-	-	(1,238,780)	(1,238,780)
Proceeds from the sale of assets	26,128	111,128	111,362	234
Proceeds from insurance	7,101	7,101	-	(7,101)
Total other sources (uses)	<u>33,229</u>	<u>128,229</u>	<u>(1,127,418)</u>	<u>(1,255,647)</u>
Net change in fund balances	268,074	4,775	(1,450,186)	(1,454,961)
Fund balances at beginning of year	1,611,845	2,249,137	2,105,620	(143,517)
Fund balances at end of year	<u>\$ 1,879,919</u>	<u>\$ 2,253,912</u>	<u>\$ 655,434</u>	<u>\$(1,598,478)</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - CORRECTIONS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
Revenues:				
Fees, charges, and commissions for services	\$ 4,456,683	\$ 4,141,331	\$ 4,066,496	\$ (74,835)
Use of money and property	230	150	150	-
Other revenues	77,000	2,400	2,441	41
Total revenues	<u>4,533,913</u>	<u>4,143,881</u>	<u>4,069,087</u>	<u>(74,794)</u>
Expenditures:				
Current:				
Public safety:				
Personal services	2,933,000	2,819,000	2,848,584	29,584
Operating services	422,275	534,875	562,008	27,133
Material and supplies	832,100	802,725	826,162	23,437
Travel and other charges	248,200	208,300	205,654	(2,646)
Debt service	57,162	57,162	57,023	(139)
Capital outlay	4,200	59,200	61,257	2,057
Total expenditures	<u>4,496,937</u>	<u>4,481,262</u>	<u>4,560,688</u>	<u>79,426</u>
Excess (deficiency) of revenues over expenditures	<u>36,976</u>	<u>(337,381)</u>	<u>(491,601)</u>	<u>(154,220)</u>
Other sources (uses):				
Operating transfers in	<u>-</u>	<u>-</u>	<u>1,238,780</u>	<u>1,238,780</u>
Net change in fund balances	36,976	(337,381)	747,179	1,084,560
Fund balances at beginning of year	264,082	98,634	(211,029)	(309,663)
Fund balances at end of year	<u>\$ 301,058</u>	<u>\$ (238,747)</u>	<u>\$ 536,150</u>	<u>\$ 774,897</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO BUDGETARY COMPARISON SCHEDULES FOR MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

Proposed budgets for the General Fund and the Corrections Fund are prepared on the modified accrual basis of accounting and published in the official journal prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is not used. However, formal budgetary integration is employed as a management control device during the fiscal year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**EMPLOYEE HEALTH CARE PLAN
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2018**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2016	\$ -	\$ 3,437,236	\$ 3,437,236	0%	\$ 4,015,758	85.59%
June 30, 2010	\$ -	\$ 2,526,967	\$ 2,526,967	0%	\$ 4,280,151	59.04%

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) require that the schedule present information from the last three actuarial valuations. Because the requirements of GASB 45 were implemented starting with the year ended June 30, 2011, two years are available. Additional information will be added after each of the next valuations. Subsequent to that, information will be presented for the latest three valuations.

**MOREHOUSE PARISH SHERIFF
BASTROP , LOUISIANA**

**SCHEDULE OF SHERIFF'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's portion of the net pension liability	0.663612%	0.645115%	0.682274%	73.863800%
Employer's proportionate share of the net pension liability	\$ 2,873,622	\$ 4,094,477	\$3,041,251	\$ 2,925,011
Employer's covered employee payroll	\$ 4,352,839	\$ 4,408,367	\$4,523,571	\$ 4,758,613
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	-66.02%	-92.88%	67.23%	61.47%
Plan fiduciary net position as a percentage of the total pension liability	88.49%	82.10%	86.61%	87.34%

The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**MOREHOUSE PARISH SHERIFF
BASTROP , LOUISIANA**

**SCHEDULE OF SHERIFF'S CONTRIBUTIONS
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 554,987	\$ 609,037	\$ 605,590	\$ 644,609
Contributions in relation to contractually required contribution	<u>554,987</u>	<u>609,037</u>	<u>605,590</u>	<u>644,609</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$4,352,839	\$ 4,596,485	\$ 4,408,367	\$ 4,523,571
Contributions as a percentage of covered employee payroll	12.75%	13.25%	13.74%	14.25%

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

Other Supplemental Schedules

**MOREHOUSE PARISH SHERIFF
SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

FIDUCIARY FUND TYPES - AGENCY FUNDS

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute taxes and fees to the appropriate taxing bodies.

Criminal Fund

The Criminal Fund accounts for the collection of bonds, fines and costs, and payment of the collections to recipients in accordance with applicable laws.

Civil Fund

The Civil Fund accounts for the collection of funds in civil suits, sheriff's sales, and garnishments and payments of these collections to recipients in accordance with applicable laws.

License Fund

The License Fund accounts for the collection and distribution of parish occupational, beer, liquor, and private club licenses.

Inmate Commissary Fund

The Inmate Commissary Fund accounts for personal funds of inmates that are received and expended while they are incarcerated.

Inmate Work Release Fund

The Inmate Work Release Fund accounts for funds of inmates that are earned under the work release program.

**MORHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2018**

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
ASSETS							
Cash and cash equivalents	<u>\$ 10,155</u>	<u>\$ 150,736</u>	<u>\$ 32,572</u>	<u>\$ -</u>	<u>\$ 56,559</u>	<u>\$ 100,201</u>	<u>\$ 350,223</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 114	\$ -	\$ 1,378	\$ 52,391	\$ 53,883
Due to taxing bodies and others	<u>10,155</u>	<u>150,736</u>	<u>32,458</u>	<u>-</u>	<u>55,181</u>	<u>47,810</u>	<u>296,340</u>
Total liabilities	<u>\$ 10,155</u>	<u>\$ 150,736</u>	<u>\$ 32,572</u>	<u>\$ -</u>	<u>\$ 56,559</u>	<u>\$ 100,201</u>	<u>\$ 350,223</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPES - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN UNSETTLED BALANCES DUE TO TAXING BODIES AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2018**

	Tax Collector Fund	Criminal Fund	Civil Fund Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
Unsettled balances due to taxing bodies and others - beginning	\$ 5,659	\$ 218,386	\$ 24,297	\$ -	\$ 58,790	\$ 189,107	\$ 496,239
Additions:							
Deposits:							
Ad valorem taxes:							
Current year	13,069,504	-	-	-	-	-	13,069,504
Prior year	14,836	-	-	-	-	-	14,836
Paid under protest	4,490	-	-	-	-	-	4,490
Appearance bonds, fines, etc.	-	512,092	-	-	-	-	512,092
Beer, liquor, and bingo licenses	-	-	-	7,350	-	-	7,350
Garnishments	-	-	105,550	-	-	-	105,550
Interest:							
Bank account	489	-	-	-	-	-	489
Delinquent taxes	26,057	-	-	-	-	-	26,057
Protested taxes held in es crow	6	-	-	-	-	-	6
Occupational licenses	-	-	-	80,709	-	-	80,709
Redemptions	6,009	-	-	-	-	-	6,009
Sales	-	-	178,789	-	-	-	178,789
State revenue sharing	519,241	-	-	-	-	-	519,241
Tax notices	97,382	-	-	-	-	-	97,382
Other additions	170,850	862	43,283	-	617,643	1,051,638	1,884,276
Total additions	13,908,864	512,954	327,622	88,059	617,643	1,051,638	16,506,780

	Tax Collector Fund	Criminal Fund	Civil Fund Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
Reductions:							
Deposits settled to:							
Bastrop Fire District No. 2	1,177,714	-	-	-	-	-	1,177,714
Bonne Idee Drainage District	24,920	-	-	-	-	-	24,920
City of Bastrop	4,614	-	-	-	-	-	4,614
Hospital Service District	1,801,948	-	-	-	-	-	1,801,948
Louisiana Tax Commission	17,530	-	-	-	-	-	17,530
Morehouse Parish:							
Clerk of Court	-	19,607	48,634	-	-	-	68,241
Assessor	540,364	-	-	-	-	-	540,364
Police Jury	2,241,556	103,906	-	70,447	-	-	2,415,909
School Board	5,514,706	-	-	-	-	-	5,514,706
Sheriff	902,526	68,152	115,525	17,612	-	-	1,103,815
Library	484,654	-	-	-	-	-	484,654
Pension Funds	366,036	-	-	-	-	-	366,036
Tensas Basin Levee District	179,469	-	-	-	-	-	179,469
Ward 2 Cemetery	32,796	-	-	-	-	-	32,796
Ward 2 Fire District No. 1	80,417	-	-	-	-	-	80,417
Ward 5 Fire District No. 1	51,524	-	-	-	-	-	51,524
Ward 6 Fire District No. 1	121,215	-	-	-	-	-	121,215
Ward 8 Fire District No. 1	57,617	-	-	-	-	-	57,617
Ward 10 Fire District No. 1	36,311	-	-	-	-	-	36,311
Other settlements	268,451	388,939	155,188	-	619,874	1,140,544	2,572,996
Total reductions	<u>13,904,368</u>	<u>580,604</u>	<u>319,347</u>	<u>88,059</u>	<u>619,874</u>	<u>1,140,544</u>	<u>16,652,796</u>
Unsettled balances due to taxing bodies and others - ending	<u>\$ 10,155</u>	<u>\$ 150,736</u>	<u>\$ 32,572</u>	<u>\$ -</u>	<u>\$ 56,559</u>	<u>\$ 100,201</u>	<u>\$ 350,223</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head: Mike Tubbs, Sheriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 145,761
Benefits - insurance	7,771
Benefits - retirement	20,443
Benefits - other (expense)	14,576
Per diem	295
Travel	5,403
	<u>\$ 194,249</u>

Other Reports



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

**To the Honorable Mike Tubbs
Morehouse Parish Sheriff
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, the discretely presented component unit, and each major fund, of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Morehouse Parish Sheriff's basic financial statements and have issued our report thereon dated July 22, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2018-001, 2018-002, 2018-003, 2018-006, 2018-007, and 2018-008).

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. We consider the deficiencies described in the accompany schedule of findings to be significant deficiencies (2018-004, 2018-005).

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report - GAGAS
June 30, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morehouse Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-005, 2018-007, and 2018-008.

Morehouse Parish Sheriff's Response to Findings

The Morehouse Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings. The Morehouse Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BOSCH & STATHAM, LLC



Ruston, Louisiana
July 22, 2019

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Governmental Activities, the discretely presented component unit, and each major fund of Morehouse Parish Sheriff.
2. Two significant deficiencies and six material weaknesses were reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting.
3. Four instances of noncompliance material to the financial statements of the Morehouse Parish Sheriff were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year

2018-001 Audit Report Filed After Due Date

Year First Reported

2017

Type

Noncompliance, Material Weakness

Criteria

The Louisiana Audit law requires the Sheriff to submit his audited financial statements by December 31st following the June 30th year end.

Condition

The Sheriff's audited financial statements as of and for the year ended June 30, 2018, will be filed with the Legislative Auditor after the due date of December 31, 2018.

Cause

See issues discussed in other findings. The auditor was unable to schedule fieldwork in time to complete the report because requested data was not received in a timely manner. Completing the audit in the subsequent cycle presents a scheduling challenge for the auditor. Additionally, conditions identified during audit procedures required additional time to address.

Effect

The Sheriff is not in compliance with the audit law and will not receive state funds that may be due to him until the report is submitted.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Recommendation

We recommend the following to management and the Sheriff:

- Ensure that the Sheriff's books are closed within 60 days of year end
- Transmit routine reports and documents to the auditor within 60 days of year-end
- Respond completely to the auditor's initial request for data within the time frame requested
- Respond to other audit requests as quickly as possible

Management's Response

See management's corrective action plan.

2018-002 Lack of Supervision and Review for Special Activities

Year First Reported

2017

Type

Material Weakness

Criteria

The Sheriff's Civil Department utilizes a centralized accounting program for fund accounting. However, the System does not include Morehouse DARE, Inc., a component unit, or the NLDEB Fund. DARE and NLDEB department heads utilize QuickBooks to maintain accounting records at their own offices. This setup lacks a proper segregation of duties.

During audit procedures and general inquiries, we noted the following issues in the DARE Fund:

1. Data is not submitted to the Chief Civil Deputy in a timely manner to allow his office to maintain the books.
2. Expenditures are not supported by purchase orders.
3. The bank account was not reconciled monthly.
4. Numerous disbursements were not supported by proper invoices or receipts.
5. The chart of accounts was modified from the previous year.
6. Sales tax was paid on many of the purchases.
7. Debit cards were used but we were unable to obtain definitive evidence of how many debit cards are in circulation.

We noted the following issues with the NLDEB Fund:

1. Data is not submitted to the Chief Civil Deputy in a timely manner to allow his office to maintain the books.
2. Expenditures were not supported by purchase orders.
3. Debit cards were used but we were unable to obtain definitive evidence of how many debit cards are in circulation.

Condition

Accounting policies and procedures do not follow best practices or include all activities of the Sheriff's office.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Cause

The internal control system is not properly designed or functioning properly.

Effect

Material errors in financial statement amounts could occur. Unnecessary or unallowable expenditures could be incurred. Reports to grantors could be misstated.

Recommendation

We recommend that management insist that the accounting responsibility for all funds be under the Civil Department to achieve a proper segregation of duties and to subject the funds' activities and records to the same internal control system that the other funds are subject to.

Further, we recommend that management determine what debit and credit cards the departments are using and require those departments to follow the Sheriff's policy for debit and credit cards and purchases in general.

Management's Response

See management's corrective action plan.

2018-003 Lack of Written Policies and Procedures

Year First Reported

2017

Type

Material Weakness

Criteria

Basic internal control guidelines and the Louisiana Legislative Auditor's Best Practices publications require that the Sheriff's policies and procedures be in written form and address all significant areas of operations.

Condition

Management has not yet implemented written policies and procedures for the following processes:

1. Budgeting
2. Disbursements
3. Receipts
4. Contracting
5. Credit Cards
6. Debt Service

The Policy and Procedure Manual is in writing, but the Manual does not address the following areas: the procedures for adding vendors to the vendor list in the accounting system, the procedures for processing payroll, or the dollar thresholds by category of expense for travel. The Manual's Ethics' section does not appear to include the elements required by Louisiana Revised Statutes (LRS) 42:1111-1121.

Cause

The internal control system is not adequately designed.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Effect

Management may not have effectively and thoroughly communicated acceptable practices, unacceptable practices, expectations, and lines of authority to employees.

Recommendation

We recommend that management continue to write and revise policies and procedures. We further recommend that management monitor practice to ensure that such policies and procedures are followed.

Management's Response

See management's corrective action plan.

2018-004 Purchasing and Disbursements

Year First Reported

2017

Type

Significant Deficiency

Criteria

To prevent unauthorized purchases, waste, and overspending, the purchasing system should be designed to ensure that purchases are properly authorized, are necessary and reasonable, and are within the Sheriff's budgeted expenditures. The duties involving authorization, custody, and recording should be segregated.

To prevent improper disbursements, checks should not be prepared without the following:

1. Original invoice(s) or receipt(s)
2. Signed packing slip or other evidence a responsible employee has verified that goods or services were received by the Sheriff's office
3. Properly completed purchase order

Condition

We selected a sample of sixteen disbursements for testing. The results of the test are as follows:

1. Four out of sixteen were not supported by invoices or other appropriate documentation
2. One out of sixteen did not match the invoice
3. Two out of sixteen were not supported by evidence of receipt of goods.
4. Four out of sixteen were not supported by purchase orders
5. Twelve out of sixteen did not appear to have proper segregation of duties

We also inspected four vendor files. All of the four files contained invoices that did not include complete evidence that goods were received. As part of the statewide agreed-upon procedures engagement, we also tested five credit card statements and seven credit card transactions. Two of the selected statements were not submitted to the auditor for testing. None of the statements included evidence of review or approval. Two of the seven transactions were not supported by original invoices or other appropriate documentation. For five of the transactions, the documentation did not include the business purpose. For one of the transactions, the documentation did not include documentation of the individuals participating in the meal or transaction.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Cause

The internal control system is not properly designed or is not operating as intended.

Effect

Purchases cannot be properly evaluated and authorized. Management may incur unnecessary expenditures or expenditures may exceed budgeted expenditures.

Recommendation

We recommend that the purchasing system be evaluated and revised to include:

1. Purchase orders – After consideration of the current budget to actual amounts, an employee with suitable authority and knowledge should prepare a purchase order listing the items to be purchased, estimating the cost for each item, and designating the vendor to be used. The purchase order should be signed. Management should purchase only from vendors approved by management. Approved vendors should be notified that the Sheriff requires them to obtain purchase orders before a before authorizing purchases on credit in the Town’s name. A single employee should not be able to initiate the purchase and approve the purchase. For this reason, the requesting employee should be documented by purchase requisition or signature on the purchase order as requesting the purchase, not approving it.
2. Receiving reports – A responsible employee should sign a receiving report (if one is provided by the vendor) or the invoice or receipt to certify that goods or services were received by the Sheriff’s office.
3. Proper segregation of duties – The duties of authorization, custody, and recording should be separate. No one person should be able to initiate a purchase, authorize a purchase, receive the goods, and record the purchase. No one person should be able to perform more than one of those duties. If it is necessary to assign multiple duties to one employee, oversight procedures must be sufficient to mitigate the risk caused by assigning incompatible duties.
4. Review of invoices – A responsible employee should match the invoice from the vendor to the purchase requisition, purchase order, and receiving report. If there is no receiving report, the employee should require that the appropriate employee sign the invoice. This process should be complete before the invoice is submitted for payment.

Management’s Response

See management’s corrective action plan.

2018-005 Stale Outstanding Items on Bank Reconciliations

Year First Reported

2017

Type

Significant Deficiency and Noncompliance

Criteria

Basic internal control procedures include investigation into stale or unusual reconciling items. The Uniform Unclaimed Property Act of 1997 requires certain property to be submitted to the state when deemed abandoned under the definitions in the Act. The Louisiana Department of Corrections regulates how to handle abandoned property of offenders.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Condition

We noted several outstanding items that are more than six months old on bank reconciliations of multiple accounts. The total of all such items was \$13,395. We noted no documentation that anyone had researched the stale reconciling items.

Cause

Though not written, there are procedures in place for review of bank reconciliations by responsible person other than the preparer. The reconciliations did not include evidence that the reviewer addressed the items in question.

Effect

Cash and other financial statement amounts could be misstated. The Sheriff may not have complied with the Uniform Unclaimed Property Act of 1997 or the Louisiana Department of Correction's regulations with respect to unclaimed property.

Recommendation

We recommend that the preparer of bank reconciliations document the nature of any outstanding items older than six months as well as the decision as to action to be taken for each item. We recommend that the reviewer ensure that the documentation is present on the bank reconciliations. Further, an appropriate person should be made responsible for ensuring that the Sheriff complies with Federal and State laws and regulations regarding unclaimed property. Finally, the Sheriff should document policies and procedures for bank reconciliations, including the policies and procedures pertaining to reconciling items and compliance with laws and regulations.

Management's Response

See management's corrective action plan.

2018-006 Going Concern

Year First Reported

2018

Type

Material Weakness

Criteria

Financial statements are prepared under the assumption that the Sheriff will continue to be able to operate and meet his obligations in a timely manner. Operating at a deficit, failing to meet obligations when they are due, and using funds intended for other activities or functions are indicators that there is some doubt as to whether the Sheriff can continue as a going concern.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Condition

During the year ended June 30, 2018, the Corrections Fund's expenditures exceeded its revenues by \$491,601 or 12%, initially resulting in an ending deficit of \$702,630.

At June 30, 2017, the Corrections Fund owed the General Fund \$1,110,871 for expenses paid by the General Fund. During the fiscal year ended June 30, 2018, expenses of \$3,017,202 were paid by the General Fund while \$2,889,293 was repaid leaving a balance of \$1,238,780. The balance represents approximately five months of expenses. As it is apparent that the Corrections will not be able to repay the General Fund, the balance was reclassified to a transfer.

The adjustment to record the transfer reduced the General Fund's fund balance from \$1,894,214 to \$655,434. Since General Fund expenditures average \$4,600,000, fund balance is only 14% of one year of expenditures. After the transfer, the Corrections Fund presented a fund balance of \$536,150. Since the Corrections Fund averages \$4,800,000 in expenditures annually, fund balance only represents about 11% of annual expenditures. Without considering any additional transfers between the two funds, if the results of the next three years were the same as fiscal year 2018, the General Fund and the Corrections Fund would have deficits of \$312,780 and \$819,369, respectively.

Cause

The Sheriff operates a jail and two detention centers. Since other entities are responsible for certain inmates' costs, the number of inmates overall and the number of inmates for which other entities are responsible for directly affects the revenues that are earned, and the expenditures incurred by the Corrections Fund.

Effect

The Sheriff may have to consider reducing services and/or closing detention centers.

Recommendation

We recommend that the Sheriff explore options for increasing revenues and decreasing expenditures in both funds.

Management's Response

See management's corrective action plan.

2018-007 Errors in Supplemental Pay

Year First Reported

2018

Type

Material Weakness, Noncompliance

Criteria

LRS 40:1667.7 sets forth regulations for state supplemental pay.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Condition

Records for supplemental pay (\$552,007) for the year did not match revenues and expenditures posted to the general ledger for the year. Revenues (\$594,153) and expenditures (\$582,355) did not equal each other.

Cause

The errors appear to be due to lack of supervision of an employee who recently took over new duties including administration of supplemental pay.

Effect

The Sheriff's financial statements are not properly stated since revenues should equal expenditures and the amounts are not supported by supplemental pay records. The Sheriff may have submitted incorrect information to the state causing the amount of pay to be incorrect.

Recommendation

We recommend that management ensure that the employee is properly trained for her duties and properly supervised and monitored.

Management's Response

See management's corrective action plan.

2018-008 Budgeted Deficit – Corrections Fund

Year First Reported

2018

Type

Material Weakness, Noncompliance

Criteria

LRS 39:1301 (E) prohibits the Sheriff from adopting a budget where the total of proposed expenditures exceeds the total of estimated funds available.

Condition

Total budgeted expenditures of \$4,481,262 for the Corrections Fund in the final amended budget for the year ended June 30, 2018, exceeded revenues (\$4,143,881) plus estimated beginning fund balance (\$98,634) by \$238,747.

Cause

The auditor did not identify the cause.

Effect

The amended budget appears to violate the Budget Act.

Recommendation

We recommend that management ensure that future budgets are balanced with budgeted expenditures and other uses less than the sum of budgeted revenues, other sources, and estimated beginning fund balance.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Management's Response

See management's corrective action plan.

Prior Year

2017-001 No Physical Inventory of Assets

Current Status

This finding was resolved.

2017-002 Purchase of Fuel without Advertising for Bids Appears to Violate the Bid Law

Current Status

This finding was resolved.

2017-003 Failure to Use Required Budget Format

Current Status

This finding was resolved.

2017-004 Stale Outstanding Items on Bank Reconciliations

Current Status

This finding is repeated as 2018-005.

2017-005 Ethics Training Not Documented

Current Status

This finding was resolved.

2017-006 Audit Report Filed After Due Date

Current Status

This finding is repeated as 2018-001.

2017-007 Controls Pertaining to Fuel Credit Cards

Current Status

This finding was resolved.

2017-008 Lack of Supervision and Review for Special Activities

Current Status

This finding is repeated.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2017-009 Lack of Written Policies and Procedures

Current Status

This finding is repeated as 2018-003.

2017-010 Purchasing and Disbursements

Current Status

This finding is repeated as 2018-004.



Mike Tubbs

Sheriff and Ex-officio Tax Collector
Morehouse Parish

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Brian K. Shoemaker
Chief Criminal Deputy

Jeff Winnon
Chief Civil Deputy

July 22, 2019

Bosch & Statham, LLC
Post Office Box 2377
Ruston, LA 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 1, 2017 through June 30, 2018, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (should be customized by entity, as applicable).
Yes No
2. For the fiscal period July 1, 2017 through June 30, 2018, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.
Yes No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.
Yes No
4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.
Yes No
5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2018, and July 18, 2019.
Yes No
6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.
Yes No

7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.
- Yes No
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
- Yes No
9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes No
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes No
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes No
12. We represent that the 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, that we provided to you is complete.
- Yes No
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes No
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes No
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes No
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes No

17. We represent that the 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 during the fiscal period.

Yes No

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.

Yes No

19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.

Yes No

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes No

21. We have disclosed to you [*list other matters as you have deemed appropriate*].

Yes No

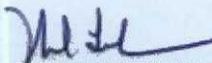
22. We have responded fully to all inquiries made by you during the engagement.

Yes No

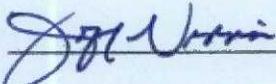
23. We are not aware of any events that have occurred subsequent to June 30, 2018, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature 

Title Morehouse Parish Sheriff

Signature 

Title Chief Civil Deputy

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Mayor and Council of Morehouse Parish Sheriff, Louisiana,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Lake Providence (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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 entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

We obtained and inspected the entity's written policies and procedures and considered whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).

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

The policy does not address any of the required elements.

- 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 policy discusses (1) how purchases are initiated and (3) the preparation and approval process of purchase requisitions and purchase orders. The policy does not discuss elements (2), (4), or (5).

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

We noted no such policy.

- 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).

We noted no such policy.

MOREHOUSE PARISH SHERIFF

Report on Statewide Agreed Upon Procedures

June 30, 2018

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

The policy addresses the approving of attendance records including overtime. However, it does not discuss the processing or reviewing of those records. The policy does not discuss leave.

- 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

We noted no such policy.

- 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 policy discusses (1) how cards are to be controlled and (2) allowable business uses. The policy does not discuss elements (3), (4), or (5).

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

The policy does not address the required approvers.

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

The Sheriff's office has an ethics policy. However, the policy does not address the required elements.

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

We noted no such policy.

Exceptions: See above

Management's Response: See Corrective Action Plan

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

The Sheriff is an elected official. This section does not apply.

- a) Observe that the board/finance committee met with a quorum a least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Not applicable

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Not applicable

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable

Exceptions: None

Bank Reconciliations

3. Obtain a listing of client 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 entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts for testing. We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for selected each account.

Exceptions: None

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the four reconciliations provided, all were completed within two months of the statement closing date.

Exceptions: None

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

Of the four reconciliations provided, two showed evidence of review noted with initials but no dates, one did not show evidence of review, and one, due to the nature of the account, did not have a formal reconciliation to be reviewed.

Exceptions: See above

Management's Response: See Corrective Action Plan

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Of the four reconciliations provided, three reconciliations did not show evidence of research of stale items. The fourth reconciliation did not contain stale items.

Exceptions: See above

Management's Response: See Corrective Action Plan

Collections

4. 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 5 deposit sites (or all deposit sites if less than 5).

We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders are prepared, and management's representation that the listing is complete. There was only one deposit site listed.

Exceptions: None

5. 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. 5 collection locations for 5 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:

We obtained a listing of collection locations and management's representation that the listing is complete. There was only one collection location listed. We did not receive relating to employee job duties. We interviewed employees regarding their job duties.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

We noted each employee that collects cash maintains a separate cash drawer.

Exceptions: None

- 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.

Each employee that collects funds prepares a bank deposits for each day's collections. Deposits are taken to the bank by the Chief Civil Deputy.

Exceptions: None

- 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.

There is a clerk assigned to each fund. The assigned clerk posts deposits for his or her fund which may include their own collections.

Exceptions: See above

Management's Response: See Corrective Action Plan

- 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.

Each clerk that collects funds is paired with another collector who reviews the clerk's log of receipts and deposits.

Exceptions: None

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

We noted all employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: None

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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 10 deposits and:

We randomly selected two deposit dates for each of the five bank accounts selected for procedure number three. We obtained supporting documentation for six of ten deposit dates. Four of ten deposits were bank interest, as that was the only deposit made into the account for the months selected. We traced the interest to the bank statements.

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

We noted six of ten deposits had receipts that were sequentially pre-numbered. Four of ten deposits did not have receipts because the deposit was interest from the bank.

Exceptions: None

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

We traced sequentially pre-numbered receipts to deposit slips for six of ten deposits. Four of ten deposits did not have receipts because they were bank interest.

Exceptions: None

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

We traced the deposit slip total to the actual deposit per the bank statement for six of ten deposits. Four of ten deposits did not have deposit slips, as the deposit were bank interest.

Exceptions: None

- 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 10 miles from the collection location or the deposit is less than \$100).

Four receipts were not deposited within one day of receipt.

Exceptions: None

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

We traced all ten deposits to the general ledger.

Exceptions: None.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select locations (or all locations if less than 5).

We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity only has one location.

Exceptions: None

9. For each location selected under #8 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:

We obtained a listing of those employees involved with non-payroll purchasing and payment functions. We noted no written policies and procedures relating to employee job duties. We inquired of employees about their job duties.

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

We noted that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. However, the entity's policy says purchase orders are used. We noted no purchase orders supporting the disbursements we selected for testing.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

We noted at least two employees are involved in processing and approving payments to vendors.

Exceptions: None

- 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.

The employees responsible for processing payments are also allowed to add/modify vendor files. We noted no indication that another employee is formally responsible for periodically reviewing changes to vendor files.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- 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.

We noted one of the employees responsible for signing the checks also mails the checks.

Exceptions: See above.

Management's Response: See management's corrective action plan.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

We obtained check registers for the entire fiscal period and obtained management's representation that the population is complete. We randomly selected 5 disbursements and obtained available supporting documentation for each transaction.

Exceptions: None

- a) Observe that the disbursement matched the related original invoice/billing statement.

We observed that the disbursement matched the related original invoice/billing statement for four out of five disbursements.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date electronic logging) of segregation of duties tested under #9, as applicable.

We noted no evidence of segregation of duties for any of the selected transactions.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

11. 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.

We obtained from management a listing of all active credit cards, bank cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

Exceptions: None

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) 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:

Using the listing we were given, we randomly selected 5 that were used during the fiscal period. We randomly selected one monthly statement for each card and obtained the supporting documentation.

Exceptions: None

- 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.]]

Two statements selected for testing were unavailable. Three out of the three statements we were able to inspect did not include documentation of review/approval of those statements.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

We noted one of the three statements did have finance charges assessed. Two of the three statements did not include finance charges.

Exceptions: See above.

Management's Response: See management's corrective action plan.

13. Using the monthly statements or combined statements selected under #12 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:

We selected all transactions for the three cards we were able to test, as there were less than ten transactions on each statement.

Exceptions: None

- (1) An original itemized receipt that identifies precisely what was purchased,

We noted five of seven transactions tested were supported by original itemized receipts, while two of seven transactions were not supported by such receipts.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- (2) Written documentation of the business/public purpose, and

We noted two of seven transactions did document the business/public purpose while the business/public purpose was not documented for five of seven transactions.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- (3) Documentation of the individuals participating in meals (for meal charges only).

This attribute was not applicable to any of the tested transactions tested, as they were not meal charges.

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

14. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. We randomly selected 5 reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

Exceptions: None

- 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).

For four of the five reimbursements, we agreed the reimbursement rates to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). For one of the reimbursements, the purpose of the reimbursement was not clear.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

This procedure was applicable to one of the five reimbursements. There was no support for the amount. Only a conference registration form was attached.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- 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).

We observed that four out of the five reimbursements were supported by documentation of the business/public purpose and other documentation required by written policy (procedure #1h). The business/public purpose was not documented for one of the reimbursements.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

We did not identify any documentation that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Only one contracts was listed.

Exceptions: None

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The contract was not subject to the bid law.

Exceptions: None

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We did not identify a policy or a requirement by law.

Exceptions: None

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The contract was not amended during the fiscal period.

Exceptions: None

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected one payment from the fiscal period, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions: None

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees/elected officials and randomly selected 5 employees for further testing. We obtained the related paid salaries and personnel files. Paid salaries agreed to the authorized salaries for all 5 employees.

Exceptions: None

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected one pay period during the fiscal period. We obtained the attendance records and leave documentation for the 5 employees for the pay period.

- 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.)

We noted all selected employees documented their daily attendance and leave.

Exceptions: None

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

We observed that supervisors approved the attendance for all selected employees. However, two employees took leave that was not approved or fully approved in accordance with the policy.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

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

We observed the leave accrued and/or taken during the pay period is reflected in the leave records.

Exceptions: None

18. 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' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

We obtained a listing of employees/elected officials that terminated during the fiscal year. The listing did not whether employees received termination payments. Through discussion with the payroll clerk, we selected two employees who did receive termination payments. We obtained the related documentation of hours and pay rates used in the calculation and agreed the hours paid to the leave record and the pay rate to authorization documentation.

Exceptions: None

19. 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.

We obtained the representations.

Exceptions: None

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

We obtained available documentation for the 5 selected employees.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We observed the documentation demonstrated that the 5 employees completed one hour of ethics training during the fiscal period.

Exceptions: None

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

We were unable to obtain documentation that employees/elected officials attested through signature verification that they read the entity's ethics policy during the fiscal period.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Management listed no new bonds/notes issued during the fiscal period.

Exceptions: None.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

We obtained the listing of bonds/notes outstanding at the end of the fiscal period. However, the listing did not include any details. We obtained the executive order calling for the debt and noted requirements for a sinking fund and a depreciation and contingencies fund. No such funds were created.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The entity did not list any misappropriations. We obtained a representation that the listing is complete.

Exceptions: None

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the notice in the hallway on a bulletin board and posted on the home page of the Sheriff's website.

Exceptions: None

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.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
July 22, 2019



Mike Tubbs

Sheriff and Ex-officio Tax Collector
Morehouse Parish

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351 South Franklin • Bastrop, LA 71221-0351
www.mpso.net

Brian K. Shoemaker
Chief Criminal Deputy

Jeff Winnon
Chief Civil Deputy

Management's Corrective Action Plan

July 22, 2019

Schedule of Findings
As of and for the year ended June 30, 2018

B. Findings – Financial Statements Audit

Current Year

2018-001 Audit Report Filed After Due Date

We will take auditor's recommendations under advisement and take appropriate action.

2018-002 Lack of Supervision and Review for Special Activities

Beginning in the fall of 2018, the Civil Department has taken over full accounting responsibility of both the DARE Fund and the NLDEB Funds. Quick Books is still being utilized to maintain the accounting systems of the respective funds, but, all requisition for purchase orders, deposits, accounts payable and bank reconciliations are maintained thru the Civil Department. There are no longer any debit cards for any of the accounts being utilized.

2018-003 Lack of Written Policies and Procedures

We will take auditor's recommendations under advisement and take appropriate action.

2018-004 Purchasing and Disbursements

We will take auditor's recommendations under advisement and take appropriate action.

2018-005 Stale Outstanding Items on Bank Reconciliations

We will take auditor's recommendations under advisement and take appropriate action.

2018-006 Going Concern

We will take auditor's recommendations under advisement and take appropriate action.

2018-007 Errors in Supplemental Pay

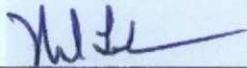
We will take auditor's recommendations under advisement and take appropriate action.

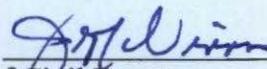
2018-008 Budgeted Deficit – Corrections Fund

We will take auditor's recommendations under advisement and take appropriate action.

Independent Accountant's Report on Applying Agreed-Upon Procedures

We will take the AUP comments under advisement and take appropriate action.

Signature: 
Title: Sheriff

Signature: 
Title: Chief Civil Deputy