

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2020

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

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, each major fund, and the fiduciary fund type – agency funds of Morehouse Parish Sheriff, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Morehouse Parish 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*. Those standards and the guide 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, each major fund, and the discretely presented component unit, of Morehouse Parish Sheriff, as of June 30, 2020, and the respective changes in net 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, 2020

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule (41-43), Employee Health Care Plan - Schedule of Funding Progress (44), Schedule of Sheriff's Proportionate Share of Net Pension Liability (45), and Schedule of Sheriff's Contributions (page 46) 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements as a whole. 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Affidavit and Schedule of Compensation, Benefits, and Other Payments to Agency Head are not a required part of the basic financial statements of the Sheriff but are additional information required by the Louisiana Legislative Auditor. The combining agency fund schedules; the Affidavit; 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report
June 30, 2020

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's 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 Sheriff's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana
March 5, 2021

Basic Financial Statements

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Governmental Activities	Component Unit - Morehouse DARE, Inc.
ASSETS		
Cash and cash equivalents	\$ 804,458	\$ 16,223
Receivables	849,937	-
Internal balances	21,457	-
Capital assets, net of accumulated depreciation	1,854,680	-
Deposits	<u>25,000</u>	<u>-</u>
Total assets	<u>3,555,532</u>	<u>16,223</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	<u>1,526,140</u>	<u>-</u>
LIABILITIES		
Accounts, salaries and other payables	395,252	-
Compensated absences	127,797	-
Revenue bonds due within one year	49,828	-
Revenue bonds payable in more than one year	60,678	-
Net OPEB obligation	12,277,069	-
Net pension liability	<u>2,818,010</u>	<u>-</u>
Total liabilities	<u>15,728,634</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	<u>893,741</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,744,174	-
Unrestricted	<u>(13,284,877)</u>	<u>16,223</u>
Net position	<u>\$ (11,540,703)</u>	<u>\$ 16,223</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, 2020**

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	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT - MOREHOUSE DARE, INC.
Public safety	\$ 9,318,290	\$ 4,684,717	\$ 953,446	\$ -	\$ (3,680,127)	
Interest expense	3,765	-	-	-	(3,765)	
OPEB obligation	9,848,009	-	-	-	(9,848,009)	
Total governmental activities	<u>\$19,170,064</u>	<u>\$ 4,684,717</u>	<u>\$ 953,446</u>	<u>\$ -</u>	<u>(13,531,901)</u>	
Component Unit - Morehouse DARE, Inc.	<u>\$ 26,516</u>	<u>\$ -</u>	<u>\$ 24,353</u>	<u>\$ -</u>		\$ (2,163)
General revenues:						
Property taxes levied for:						
Public safety					819,203	-
Sales and use taxes levied for public safety					3,005,431	-
Unrestricted investment earnings					2,798	-
Gain (loss) on disposal of capital assets					(28,081)	-
Proceeds from insurance					52,080	-
Donations					19,500	2,400
Other					305,228	-
Total general revenues					<u>4,176,159</u>	<u>2,400</u>
Change in net position					<u>(9,355,742)</u>	<u>237</u>
Net position at beginning of year					<u>(2,184,961)</u>	<u>15,986</u>
Net position at end of year					<u>\$ (11,540,703)</u>	<u>\$ 16,223</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, 2020**

	GENERAL FUND	CORRECTIONS FUND	TOTALS
ASSETS			
Cash and cash equivalents	\$ 466,472	\$ 337,986	\$ 804,458
Receivables	362,250	487,687	849,937
Due from other funds	665	20,792	21,457
Deposits	25,000	-	25,000
Total assets	<u>\$ 854,387</u>	<u>\$ 846,465</u>	<u>\$ 1,700,852</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 136,113	\$ 90,718	\$ 226,831
Salaries and related payables	96,170	72,251	168,421
Total liabilities	<u>232,283</u>	<u>162,969</u>	<u>395,252</u>
Fund equity - fund balances:			
Unassigned	546,269	140,251	686,520
Restricted	75,835	543,245	619,080
Total fund equity - fund balances	<u>622,104</u>	<u>683,496</u>	<u>1,305,600</u>
Total liabilities and fund equity	<u>\$ 854,387</u>	<u>\$ 846,465</u>	<u>\$ 1,700,852</u>

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, 2020**

Total fund balances - governmental funds	\$ 1,305,600
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources	1,854,680
Deferred outflows - pension related	1,526,140
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Compensated absences	(127,797)
Revenue bonds payable	(110,506)
Net OPEB obligation	(12,277,069)
Net pension liability	(2,818,010)
Deferred inflows - pension related	<u>(893,741)</u>
Net position of governmental activities	<u>\$ (11,540,703)</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, 2020**

	GENERAL FUND	CORRECTIONS FUND	TOTALS
Revenues:			
Taxes:			
Ad valorem	\$ 819,203	\$ -	\$ 819,203
Sales and use	3,005,431	-	3,005,431
Intergovernmental funds:			
Federal funds:			
Other federal funds	18,836	-	18,836
State funds:			
State revenue sharing	97,315	-	97,315
NLDEB	12,934	-	12,934
State supplemental pay	500,796	-	500,796
Other state funds	16,990	-	16,990
Local funds	306,575	-	306,575
Fees, charges and commissions for services	100,247	4,436,595	4,536,842
Fines and forfeitures	147,875	-	147,875
Use of money and property	1,965	833	2,798
Donations	12,500	7,000	19,500
Other revenues	10,514	42,355	52,869
Total revenues	<u>5,051,181</u>	<u>4,486,783</u>	<u>9,537,964</u>
Expenditures:			
Current:			
Public safety:			
Personal services	3,720,068	2,830,454	6,550,522
Operating services	467,882	671,129	1,139,011
Material and supplies	227,547	879,070	1,106,617
Travel and other charges	36,207	100,006	136,213
Debt service	-	57,161	57,161
Capital outlay	16,000	25,650	41,650
Total expenditures	<u>4,467,704</u>	<u>4,563,470</u>	<u>9,031,174</u>
Excess (deficiency) of revenues over expenditures	<u>583,477</u>	<u>(76,687)</u>	<u>506,790</u>
Other sources (uses):			
Operating transfers in	-	216,938	216,938
Operating transfers out	(216,938)	-	(216,938)
Proceeds from the sale of assets	7,101	-	7,101
Proceeds from insurance	52,080	-	52,080
Total other sources (uses)	<u>(157,757)</u>	<u>216,938</u>	<u>59,181</u>
Net change in fund balances	425,720	140,251	565,971
Fund balances at beginning of year	<u>196,384</u>	<u>543,245</u>	<u>739,629</u>
Fund balances at end of year	<u>\$ 622,104</u>	<u>\$ 683,496</u>	<u>\$ 1,305,600</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, 2020**

Net change in fund balances - total governmental funds \$ 565,971

**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	41,650
Depreciation expense	(263,833)
Proceeds from sale of assets	(7,101)
Gain (loss) on the disposal of assets	(28,081)

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	53,397
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Governmental funds report the issuance of long-term debt as an other financing source.

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 OPEB obligation	(9,848,009)
Pension expense	(122,096)
Nonemployer contributions to pension plan	<u>252,360</u>

Change in net position of governmental activities	<u>\$ (9,355,742)</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, 2020**

ASSETS

Cash and cash equivalents	<u>\$ 404,261</u>
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LIABILITIES

Due to other funds	\$ 21,457
Due to taxing bodies and others	<u>382,804</u>
Total liabilities	<u>\$ 404,261</u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	Totals
Unsettled balances due to taxing bodies and others - beginning	<u>\$ 414,538</u>
Additions:	
Deposits:	
Ad valorem taxes:	
Current year	13,357,754
Prior year	36,426
Appearance bonds, fines, etc.	306,315
Beer, liquor, and bingo licenses	6,755
Garnishments	77,608
Interest:	
Bank account	4,580
Delinquent taxes	28,300
Protested taxes held in escrow	65
Occupational licenses	75,599
Sales	202,153
State revenue sharing	507,033
Tax notices	73,699
Other additions	<u>1,558,641</u>
Total additions	<u>16,234,928</u>

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

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	Totals
Reductions:	
Deposits settled to:	
Bastrop Fire District No. 2	1,186,037
Bonne Idee Drainage District	24,875
Hospital Service District	1,847,832
Louisiana Tax Commission	17,643
Morehouse Parish:	
Clerk of Court	60,892
Assessor	551,922
Police Jury	2,401,256
School Board	5,644,025
Sheriff	1,092,925
Library	495,475
Pension Funds	376,239
Tensas Basin Levee District	183,375
Ward 2 Cemetery	26,564
Ward 2 Fire District No. 1	89,239
Ward 5 Fire District No. 1	49,780
Ward 6 Fire District No. 1	122,423
Ward 8 Fire District No. 1	58,757
Ward 10 Fire District No. 1	37,661
Other settlements	<u>1,978,285</u>
Total reductions	<u>16,245,205</u>
Unsettled balances due to taxing bodies and others - ending	<u>\$ 404,261</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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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 2019 tax roll, the district levied 5.46 mills on property with an assessed value of \$185,207,659.

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 2019 assessed valuation (amounts expressed in thousands):

	Assessed Valuation	Percent of Total Assessed Valuation	Tax
Texas Gas Transmission Corp.	\$ 7,009	3.78%	\$ 529
Entergy Louisiana Holdings, Inc.	7,018	3.79%	526
Midcontinent Express Pipeline, LLC	4,363	2.36%	329
Union Pacific Corp. Tax	4,138	2.23%	312
Gulf Crossing Pipeline Company	3,579	1.93%	270
Tennessee Gas Pipeline	3,069	1.66%	232
Kennedy Rice Dryers, LLC	3,069	1.66%	232
Southern Natural Gas Co.	2,461	1.33%	186
Morehouse Bioenergy, LLC	1,964	1.06%	148
ATMOS Energy Louisiana	1,837	0.99%	137
Total	<u>\$ 38,507</u>	<u>20.79%</u>	<u>\$ 2,901</u>

Sales and Use Taxes

In October of 1998, voters of the parish approved a one-half of one percent (.5%) 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 on December 31, 2019. In October 2019, the tax was renewed for a term of ten years effective January 1, 2020 and ending December 31, 2029. 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, 2020**

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 (1%) 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, 2020**

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, 2020**

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, 2020, the Sheriff has cash and cash equivalents (book balances) totaling \$1,208,719, as follows:

Primary government:	
Demand deposits	\$ 1,204,456
Cash on hand	3,063
Petty cash	<u>1,200</u>
Total	1,208,719
Amounts held in agency funds	<u>(404,261)</u>
Total primary government	<u>\$ 804,458</u>
Component unit:	
Demand deposits	<u>\$ 16,223</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, 2020**

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, 2020, the Sheriff had bank balances of \$1,337,558, of which \$993,930 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 343,628</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Sheriff's name	<u>993,930</u>
Total balances exposed to custodial credit risk	<u>993,930</u>
Total bank balances	<u><u>\$ 1,337,558</u></u>

NOTE 3 - RECEIVABLES

The receivables of \$849,937 at June 30, 2020, are as follows:

	<u>General Fund</u>	<u>Corrections Fund</u>	<u>Totals</u>
Taxes:			
Property	\$ 1,493	\$ -	\$ 1,493
Sales	275,001	-	275,001
Intergovernmental:			
State grants	38,763	-	38,763
Local grants	30,651	-	30,651
Fees, charges and commissions for services	10,735	451,761	462,496
Other	<u>5,607</u>	<u>35,926</u>	<u>41,533</u>
Total governmental funds	<u>\$ 362,250</u>	<u>\$ 487,687</u>	<u>\$ 849,937</u>

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The General Fund transferred \$216,938 to the Corrections Fund during the year ended June 30, 2020 to supplement operations.

Interfund balances as of June 30, 2020, were as follows:

		<u>Due To</u>		
		<u>General</u>	<u>Corrections</u>	<u>Total</u>
Due From	Fiduciary Funds -			
	Agency Funds	\$ 665	\$ 20,792	\$ 21,457
	Total	<u>\$ 665</u>	<u>\$ 20,792</u>	<u>\$ 21,457</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,509,846	\$ -	\$ -	\$ 3,509,846
Equipment	705,609	18,650	(5,273)	718,986
Vehicles	1,409,686	23,000	(177,598)	1,255,088
Total capital assets being depreciated	<u>5,625,141</u>	<u>41,650</u>	<u>(182,871)</u>	<u>5,483,920</u>
Less accumulated depreciation for:				
Buildings and improvements	1,963,775	87,745	-	2,051,520
Equipment	532,912	33,509	(1,054)	565,367
Vehicles	1,016,409	142,579	(146,635)	1,012,353
Total accumulated depreciation	<u>3,513,096</u>	<u>263,833</u>	<u>(147,689)</u>	<u>3,629,240</u>
Total capital assets, net	<u>\$ 2,112,045</u>	<u>\$ (222,183)</u>	<u>\$ (35,182)</u>	<u>\$ 1,854,680</u>

Depreciation expense of \$263,833 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, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Revenue Refunding Bond	\$ 163,903	-	\$ (53,397)	\$ 110,506
Compensated Absences	127,797	41,533	(41,533)	127,797
Net OPEB Obligation	2,429,060	9,979,323	(131,314)	12,277,069
Net Pension Liability	2,425,147	392,863	-	2,818,010
Total	<u>\$ 5,145,907</u>	<u>10,413,719</u>	<u>(226,244)</u>	<u>\$ 15,333,382</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

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.

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, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	49,828	3,442	53,270
2022	55,930	1,232	57,162
2023	4,748	15	4,763
	<u>\$ 110,506</u>	<u>\$ 4,689</u>	<u>\$ 115,195</u>

Interest costs of \$3,765 were incurred and expensed in the Corrections Fund for the year ended June 30, 2020.

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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

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.

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 is 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 is 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, 2020, the Morehouse Parish Sheriff's total payroll for all employees was \$4,880,538. Total covered payroll was \$4,175,099. 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., Sheriffs' 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, 2020**

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, 2020, the actual employer contribution rate was 12.25%, 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. The Morehouse Parish Sheriff's contributions to the System for the year ending June 30, 2020 were \$511,448. 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.

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

At June 30, 2020, the Employer reported a liability of \$2,818,010 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 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, 2019, the Morehouse Parish Sheriff's proportion was 0.595745%, which was a decrease of 0.036685% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Morehouse Parish Sheriff recognized pension expense of \$773,715 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, (\$651,619). Total pension expense was \$122,096.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 - RETIREMENT SYSTEM (CONTINUED)

At June 30, 2020, 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	\$-	\$539,874
Changes in assumptions	861,224	-
Net difference between projected and actual earnings on pension plan	101,407	-
Changes in employer's proportion of beginning net pension liability	51,839	353,092
Differences between employer and proportionate share of contributions	222	775
Subsequent measurement contributions	511,448	-
Total	1,526,140	893,741

The \$511,448 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, 2020. 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:	
2021	48,723
2022	(149,730)
2023	63,464
2024	128,850
2025	29,643

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.10%, net of investment expense
Discount Rate	7.10%
Projected salary increases	5.5% (2.50% inflation, 3.00% merit)
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables for active members, healthy annuitants and beneficiaries RP-2000 Disables Lives Mortality Table for disabled annuitants
Expected remaining service lives	2019 – 6 years 2018 – 6 years 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, 2020**

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, 2019 were as follows:

Asset Class	Expected Rate of Return		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	62%	7.1%	4.4%
Bonds	23%	3.0%	0.7%
Alternative investments	15%	4.6%	0.6%
Cash and cash equivalents	-	-	-
Totals	100%		5.7%
Inflation			2.4%
Expected arithmetic nominal return			8.1%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 7.25%, 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 (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer’s proportionate share of net pension liability	5,892,890	2,818,010	230,218

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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, 2020, the Morehouse Parish Sheriff implemented Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (GASB 75).

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.

Employees covered are as follows:

Status	Single	Employee + Dependent Coverage
Active (=118)	105	13
Retired (=30)	27	3
Total (=148)	132	16

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, when GASB Statement No. 45 was implemented, 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.

Effective with the fiscal year beginning July 1, 2019, the Morehouse Parish Sheriff's Office implemented Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (GASB 75). During the year ended June 30, 2020, the Morehouse Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$131,314.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

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, 2020:

Beginning net OPEB obligation (Asset) 7/1/2019	\$ 2,429,060
Service Costs	696,630
Interest	267,747
OPEB cost	964,377
Adjustment due to change in GASB	9,014,946
Contribution Current year retiree premium	(131,314)
Change in net OPEB obligation	9,848,009
Ending net OPEB obligation (Asset) 6/30/2020	<u>\$ 12,277,069</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, 2020	\$ 964,377	13.62%	\$12,277,069

Funded Status and Funding Progress

In the fiscal year ending June 30, 2020, 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 June 30, 2020, the most recent actuarial valuation, the Total OPEB Liability (TOL) was \$12,277,069, which is defined as that portion, as determined by a particular actuarial cost method (the Morehouse Parish Sheriff's Office uses the Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary), 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, 2020, the entire OPEB liability of \$12,277,069 was unfunded.

Total OPEB Liability (TOL)	\$12,277,069
Actuarial value of plan assets	-
NET OPEB Liability (NOL)	<u>12,277,069</u>
Funded ratio (Act. Val. Assets/TOL)	0%
Covered payroll (active plan members)	<u>\$ 3,489,167</u>
NOL as a percentage of covered payroll	351.86%

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

Actuarial Methods and Assumptions

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

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by 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 actuarial method used was the Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary. The employer portion of the cost for retiree medical care in each future year is determined as a level percent of pay that would fully fund the benefit promise by the time of retirement.

Turnover Rate

The employee retirement rates were developed from the assumption used in the LSPRF 2017 actuarial report. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
55	15.0%
65	21.0%
70	100.0%

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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

Investment Return Assumption (Discount Rate)

GASB Statement 75 states that the investment return assumption should be the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Since the plan is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 2.21% annual investment return assumption.

Health Care Cost Trend Rate

For the year ended June 30, 2020, the annual medical trend rate was lowered from 5.00% to 4.50%.

Mortality Rate

The mortality assumption was calculated using the RPH-2014 Total table with Project MP-2019.

Salary Scale

The salary assumption was calculated at 3.50%.

Sensitivity of the Trend and Discount Rate

Trend		
1% Decrease	Total OPEB Liability	1% Increase
3.50%	4.50%	5.50%
\$ 9,977,871	\$ 12,277,069	\$ 15,347,789

Discount Rate		
1% Decrease	Total OPEB Liability	1% Increase
1.21%	2.21%	3.21%
\$ 14,861,455	\$ 12,277,069	\$ 10,258,667

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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9 – CHANGES IN AGENCY FUNDS’ BALANCES

A summary of changes for the year ended June 30, 2020 in agency funds' balances due to taxing bodies and others is as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>
Tax Collector Fund	\$ 14,518	\$ 14,163,930	\$(14,163,865)	\$ 14,583
Criminal Fund	190,986	341,015	(340,465)	191,536
Civil Fund	31,396	320,364	(330,913)	20,847
License Fund	-	82,354	(80,042)	2,312
Inmate Commissary Fund	76,970	762,944	(747,199)	92,715
Inmate Work Release Fund	100,668	564,321	(582,721)	82,268
Totals	<u>\$ 414,538</u>	<u>\$ 16,234,928</u>	<u>\$(16,245,205)</u>	<u>\$ 404,261</u>

NOTE 10 – TAX COLLECTOR ENDING CASH BALANCE

Except for protested taxes totaling \$14,583, at June 30, 2020, the tax collector has no cash and cash equivalents (book balances).

NOTE 11 – AD VALOREM TAXES COLLECTED

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2020, by taxing body, as follows:

Louisiana Department of Agriculture & Forestry	\$ 12,666
Tensas Basin Levee District	176,790
Louisiana Tax Commission	17,643
Morehouse Parish:	
Assessor	512,155
Police Jury	2,145,339
School Board	5,468,970
Sheriff	798,944
Library	468,655
Bastrop Fire District No. 2	1,169,653
Ward 2 Cemetery	26,049
Ward 2 Fire District	87,786
Ward 5 Fire District	49,751
Ward 6 Fire District	121,291
Ward 8 Fire District	58,549
Ward 10 Fire District	37,317
Bonne Idee Drainage District	24,874
Hospital Service District	1,840,936
Total	<u>\$13,017,368</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, by taxing body, as follows:

Louisiana Department of Agriculture & Forestry	\$	5
Tensas Basin Levee District		125
Morehouse Parish:		
Assessor		6,586
Police Jury		28,676
School Board		73,476
Sheriff		10,274
Library		6,227
Bastrop Fire District No. 2		20,331
Ward 2 Cemetery		1,638
Ward 2 Fire District		5,519
Ward 5 Fire District		26
Ward 6 Fire District		234
Ward 8 Fire District		135
Ward 10 Fire District		23
Bonne Idee Drainage District		13
Hospital Service District		24,463
Total	\$	<u>177,750</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, 2020, include \$14,583 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 \$500,795, 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, 2020**

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, 2020, 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 March 5, 2021, the date on which the financial statements were available to be issued. Operations of the Sheriff's office are impacted by the pandemic caused by the Coronavirus/COVID-19. The Sheriff is uncertain how and to what extent the pandemic will negatively affect operations, financial position, and the ability to provide services.

Subsequent to year end, the Sheriff applied for and received approximately two million dollars in assistance under the CARES Act. The assistance funds replace funds that the Sheriff has had to expend as a result of the pandemic.

NOTE 19 – NEW ACCOUNTING STANDARDS

GASB has issued the following statements:

The following summaries of recently issued Statements include the Statements' original effective dates. In response to the COVID-19 global pandemic, GASB issued Statement Number 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which changes effective dates for Statements 83 through 93 to June 15, 2019 through December 31, 2022.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 19 – NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 87, *Leases*, was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 19 – NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *Omnibus 2020*, was issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, the applicability of Statements No. 73, 74, and 84, measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 19 – NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Required Supplemental Information

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Taxes:				
Ad valorem	\$ 816,000	\$ 816,000	\$ 819,203	\$ 3,203
Sales and use	2,413,000	2,750,000	3,005,431	255,431
Intergovernmental funds:				
Federal funds:				
Other federal funds	44,000	19,000	18,836	(164)
State funds:				
State revenue sharing	97,300	97,300	97,315	15
NLDEB	-	-	12,934	12,934
DARE	24,000	15,000	-	(15,000)
State supplemental pay	567,000	450,000	500,796	50,796
Other state funds	11,750	17,000	16,990	(10)
Local funds	284,000	280,000	306,575	26,575
Fees, charges, and commissions for services	108,200	95,299	100,247	4,948
Fines and forfeitures	128,180	135,050	147,875	12,825
Use of money and property	1,530	1,470	1,965	495
Other revenues	15,757	5,500	10,514	5,014
Donations	-	-	12,500	12,500
Total revenues	<u>4,510,717</u>	<u>4,681,619</u>	<u>5,051,181</u>	<u>369,562</u>
Expenditures:				
Current:				
Public safety:				
Personal services	3,737,861	3,898,990	3,720,068	178,922
Operating services	457,230	475,700	467,882	7,818
Material and supplies	198,050	232,150	227,547	4,603
Travel and other charges	39,076	31,779	36,207	(4,428)
Capital outlay	90,000	75,000	16,000	59,000
Total expenditures	<u>4,522,217</u>	<u>4,713,619</u>	<u>4,467,704</u>	<u>245,915</u>
Excess (deficiency) of revenues over expenditures	<u>(11,500)</u>	<u>(32,000)</u>	<u>583,477</u>	<u>615,477</u>
Other sources (uses):				
Operating transfers out	-	-	(216,938)	(216,938)
Proceeds from the sale of assets	11,500	7,000	7,101	101
Proceeds from insurance	-	25,000	52,080	27,080
Total other sources (uses)	<u>11,500</u>	<u>32,000</u>	<u>(157,757)</u>	<u>(189,757)</u>
Net change in fund balances	-	-	425,720	425,720
Fund balances at beginning of year	<u>196,384</u>	<u>-</u>	<u>196,384</u>	<u>196,384</u>
Fund balances at end of year	<u>\$ 196,384</u>	<u>\$ -</u>	<u>\$ 622,104</u>	<u>\$ 622,104</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - CORRECTIONS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL BUDGET</u>
Revenues:				
Fees, charges, and commissions for services	\$ 4,235,650	\$4,478,000	\$4,436,595	\$ (41,405)
Use of money and property	650	400	833	433
Other revenues	2,250	10,000	42,355	32,355
Donations	-	-	7,000	7,000
Total revenues	<u>4,238,550</u>	<u>4,488,400</u>	<u>4,486,783</u>	<u>(1,617)</u>
Expenditures:				
Current:				
Public safety:				
Personal services	2,797,000	2,737,000	2,830,454	(93,454)
Operating services	456,250	537,150	671,129	(133,979)
Material and supplies	833,200	929,750	879,070	50,680
Travel and other charges	95,100	100,500	100,006	494
Debt service	57,000	57,000	57,161	(161)
Capital outlay	-	127,000	25,650	101,350
Total expenditures	<u>4,238,550</u>	<u>4,488,400</u>	<u>4,563,470</u>	<u>(75,070)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(76,687)</u>	<u>(76,687)</u>
Other sources (uses):				
Operating transfers in	<u>-</u>	<u>-</u>	<u>216,938</u>	<u>216,938</u>
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>216,938</u>	<u>216,938</u>
Net change in fund balances	-	-	140,251	140,251
Fund balances at beginning of year	<u>543,245</u>	<u>-</u>	<u>543,245</u>	<u>543,245</u>
Fund balances at end of year	<u>\$ 543,245</u>	<u>\$ -</u>	<u>\$ 683,496</u>	<u>\$ 683,496</u>

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO BUDGETARY COMPARISON SCHEDULES FOR MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Total OPEB Liability (TOL)</u>	<u>Net OPEB Liability (NOL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>NOL as a Percentage of Covered Payroll</u>
June 30, 2020	\$ -	\$ 12,277,069	\$ 12,277,069	0%	\$ 3,489,167	351.86%

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 75 were implemented starting with the year ended June 30, 2020, one year is 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, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's portion of the net pension liability	0.595740%	0.632430%	0.663612%	0.645115%	0.682274%	0.738638%
Employer's proportionate share of the net pension liability	\$ 2,818,010	\$ 2,425,147	\$ 2,873,622	\$ 4,094,477	\$3,041,251	\$ 2,925,011
Employer's covered employee payroll	\$ 4,175,099	\$ 4,179,185	\$ 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	67.50%	58.03%	66.02%	92.88%	67.23%	61.47%
Plan fiduciary net position as a percentage of the total pension liability	88.91%	90.41%	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, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 511,448	\$ 512,112	\$ 554,987	\$ 609,037	\$ 605,590	\$ 644,609
Contributions in relation to contractually required contribution	<u>511,448</u>	<u>512,112</u>	<u>554,987</u>	<u>609,037</u>	<u>605,590</u>	<u>644,609</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$4,175,099	\$4,179,185	\$4,352,839	\$4,596,485	\$4,408,367	\$4,523,571
Contributions as a percentage of covered employee payroll	12.25%	12.25%	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, 2020**

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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Commissary Fund	Inmate Work Release Fund	Totals
ASSETS							
Cash and cash equivalents	<u>\$ 14,583</u>	<u>\$191,536</u>	<u>\$ 20,847</u>	<u>\$ 2,312</u>	<u>\$ 92,715</u>	<u>\$ 82,268</u>	<u>\$404,261</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 665	\$ -	\$ 2,531	\$ 18,261	\$ 21,457
Due to taxing bodies and others	<u>14,583</u>	<u>191,536</u>	<u>20,182</u>	<u>2,312</u>	<u>90,184</u>	<u>64,007</u>	<u>382,804</u>
Total liabilities	<u>\$ 14,583</u>	<u>\$191,536</u>	<u>\$ 20,847</u>	<u>\$ 2,312</u>	<u>\$ 92,715</u>	<u>\$ 82,268</u>	<u>\$404,261</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, 2020**

	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	\$ 14,518	\$190,986	\$ 31,396	\$ -	\$ 76,970	\$100,668	\$ 414,538
Additions:							
Deposits:							
Ad valorem taxes:							
Current year	13,357,754	-	-	-	-	-	13,357,754
Prior year	36,426	-	-	-	-	-	36,426
Appearance bonds, fines, etc.	-	306,315	-	-	-	-	306,315
Beer, liquor, and bingo licenses	-	-	-	6,755	-	-	6,755
Garnishments	-	-	77,608	-	-	-	77,608
Interest:							
Bank account	4,580	-	-	-	-	-	4,580
Delinquent taxes	28,300	-	-	-	-	-	28,300
Protested taxes held in escrow	65	-	-	-	-	-	65
Occupational licenses	-	-	-	75,599	-	-	75,599
Sales	-	-	202,153	-	-	-	202,153
State revenue sharing	507,033	-	-	-	-	-	507,033
Tax notices	73,699	-	-	-	-	-	73,699
Other additions	156,073	34,700	40,603	-	762,944	564,321	1,558,641
Total additions	14,163,930	341,015	320,364	82,354	762,944	564,321	16,234,928

	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	1,186,037	-	-	-	-	-	1,186,037
Bonne Idee Drainage District	24,875	-	-	-	-	-	24,875
Hospital Service District	1,847,832	-	-	-	-	-	1,847,832
Louisiana Tax Commission	17,643	-	-	-	-	-	17,643
Morehouse Parish:							
Clerk of Court	-	8,671	52,221	-	-	-	60,892
Assessor	551,922	-	-	-	-	-	551,922
Police Jury	2,293,001	44,221	-	64,034	-	-	2,401,256
School Board	5,644,025	-	-	-	-	-	5,644,025
Sheriff	919,998	41,213	115,706	16,008	-	-	1,092,925
Library	495,475	-	-	-	-	-	495,475
Pension Funds	376,239	-	-	-	-	-	376,239
Tensas Basin Levee District	183,375	-	-	-	-	-	183,375
Ward 2 Cemetery	26,564	-	-	-	-	-	26,564
Ward 2 Fire District No. 1	89,239	-	-	-	-	-	89,239
Ward 5 Fire District No. 1	49,780	-	-	-	-	-	49,780
Ward 6 Fire District No. 1	122,423	-	-	-	-	-	122,423
Ward 8 Fire District No. 1	58,757	-	-	-	-	-	58,757
Ward 10 Fire District No. 1	37,661	-	-	-	-	-	37,661
Other settlements	239,019	246,360	162,986	-	747,199	582,721	1,978,285
Total reductions	<u>14,163,865</u>	<u>340,465</u>	<u>330,913</u>	<u>80,042</u>	<u>747,199</u>	<u>582,721</u>	<u>16,245,205</u>
Unsettled balances due to taxing bodies and others - ending							
	<u>\$ 14,583</u>	<u>\$191,536</u>	<u>\$ 20,847</u>	<u>\$2,312</u>	<u>\$ 92,715</u>	<u>\$ 82,268</u>	<u>\$ 404,261</u>

STATE OF LOUISIANA, PARISH OF MOREHOUSE

AFFIDAVIT

MIKE TUBBS, SHERIFF of MOREHOUSE

BEFORE ME, the undersigned authority, personally came and appeared, MIKE TUBBS, the sheriff of MOREHOUSE Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$14,583.00 is the amount of cash on hand in the tax collector account on June 30, 2020;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2019, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.

Mike Tubbs

Signature
Sheriff of MOREHOUSE

SWORN to and subscribed before me, Notary, this 29 day of March 2021, in my office in the Bastrop, Louisiana.
(City/Town)

Deane A. Bonner (Signature)

DEANE A. BONNER (Print), # 041634

Notary Public
1/24 (Commission)

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020**

Agency Head: Mike Tubbs, Sheriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,790
Benefits - insurance	6,522
Benefits - retirement	20,319
Benefits - other (expense)	15,079
Travel	306
Conventions/Seminar	275
	<u>\$ 193,291</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*

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 aggregate discretely presented component unit and each major fund of Morehouse Parish Sheriff, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Morehouse Parish Sheriff's basic financial statements and have issued our report thereon dated March 5, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Morehouse Parish Sheriff
Bastrop, Louisiana
Independent Auditor's Report - GAGAS
June 30, 2020

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

Morehouse Parish Sheriff's Response to Findings

Morehouse Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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

March 5, 2021

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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. One material weakness was reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting.
3. One instance of noncompliance material to the financial statements of the Morehouse Parish Sheriff was disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year

2020-001 Internal Control Deficiencies

Year First Reported

2017

Type

Material Weakness

Criteria

Standards for Internal Control in the Federal Government (The Green Book) and the COSO report include the following five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. These standards are generally followed by state and local governments.

Proper internal control includes adequate segregation of the duties of authorization, custody, and recording.

Each significant accounting area should be addressed with unique internal control activities.

Condition

The Sheriff's internal control system appears to be deficient in risk assessment, information and communication, control activities, and monitoring.

We noted the following specific issues:

1. Bank reconciliations:
 - a. We noted checks issued from the Tax Collector Fund, with a date of June 30, 2020, were actually issued in July. It appears the checks to distribute taxes are dated as of the last day of the month regardless of when they are issued. This practice understates cash and liabilities.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2. Collections/Revenues/Receipts:
 - a. Amounts due from other entities for feeding and housing prisoners includes errors. Some accounts had no activity for the audit year. Others may be over or understated due to errors in billing.
3. Expenditures/Disbursements:
 - a. Support for checks does not always include evidence of receipt of goods or services.
 - b. Purchase orders are not matched to invoices.
4. Payroll
 - a. Overtime and K-time policies are not being followed as written.
 - b. The pay rate for one out of twenty-five checks did not match the authorized rate.
 - c. For eight out of seventeen paychecks examined, there was no evidence of a supervisor's approval of leave.
 - d. For five out of six paychecks examined, there was no supervisor's approval of overtime.
5. Special Activities
 - a. 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.
 - b. Transactions for DARE are duplicated in the General Fund due to the manner in which funds are received and payroll is posted.
6. General journal:
 - a. No authorization is required for journal entries.
 - b. There is no policy regarding what must be documented to support journal entries.
7. Policies and procedures
 - a. Management has not yet implemented adequate written policies and procedures for the following processes:
 - i. Budgeting
 - ii. Purchasing
 - iii. Disbursements
 - iv. Receipts
 - v. Contracting
 - vi. Credit Cards
 - vii. Debt Service
 - viii. Ethics
 - ix. Disaster Recovery/Business Continuity

Cause

In some instances, the internal control system is not adequately designed. In others, it seems that activities were not properly carried out.

Effect

The System may not effectively reduce the risk of material misstatement or fraud to an acceptable level.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

Recommendation

We recommend that management evaluate all the elements of internal control and design and implement changes to internal control where necessary. These changes should be incorporated into the Sheriff's written policies and procedures. Employees should be properly trained.

Risk Assessment

We recommend that the Sheriff and the Chief Civil Deputy meet formally at least annually to evaluate the internal control system and consider whether risks of misstatement due to fraud or error are reduced to an acceptable level. The assessment should be documented.

Control Activities

We recommend that the control activities be revised as necessary to address the conditions identified above and any deficiencies that management identifies during risk assessment.

Information and Communication

We recommend that information and communication policies and procedures be revised as necessary to address the deficiencies and risks identified above and any deficiencies that management identifies during risk assessment.

Monitoring

We recommend that the Chief Civil Deputy or a contracted consultant review at least a sample of the following documents monthly:

1. Budget to Actual reports by fund
2. Balance Sheets by fund
3. Bank statements
4. Bank reconciliations
5. General ledgers
6. General journals
7. Deposit details
8. Check registers
9. Receipt books to deposits
10. Documentation that each agency fund is properly balanced.
11. Grant files and reports

Management's Response

See management's corrective action plan.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2020-002 Errors in Supplemental Pay

Year First Reported

2018

Type

Noncompliance

Criteria

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

Condition

Records for supplemental pay (\$500,795) for the year did not match revenues and expenditures posted to the general ledger for the year. Revenues (\$500,795) and expenditures (\$535,741) did not equal each other.

Cause

The errors appear to be due to lack of supervision of an employee responsible for 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.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

2019-001 Internal Control Deficiencies

Current Status

This finding is repeated as 2020-001.

2019-002 Going Concern

Current Status

This finding is resolved.

2019-003 Errors in Supplemental Pay

Current Status

This finding is repeated as 2020-002.

2019-004 Budgeted Deficit – Corrections Fund

Current Status

This finding is resolved.



Mike Tubbs

Sheriff and Ex-officio Tax Collector
Morehouse Parish

Phone (318) 281-4141 • Fax (318) 283-1773
351 South Franklin • Bastrop, LA 71221-0351
www.mpsso.net

James Mardis
Chief Criminal Deputy

John Davis
Chief Civil Deputy

Management's Corrective Action Plan

March 29, 2021

Schedule of Findings
As of and for the year ended June 30, 2020

B. Findings – Financial Statements Audit

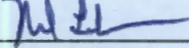
Current Year

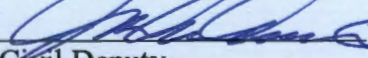
2020-001 Internal Control Deficiencies

We have retained an independent CPA to complete the recommended monitoring tasks.

2020-002 Errors in Supplemental Pay

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

Signature: 
Title: Sheriff

Signature: 
Title: Chief Civil Deputy