

MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA

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FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2017

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

As management of the Morehouse Parish Sheriff, we offer readers of the Sheriff's financial statements this narrative overview and analysis of the financial activities of the Sheriff for the year ended June 30, 2017. We encourage readers to consider the information presented here, in conjunction with the basic financial statements, and the supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

### **Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the Sheriff's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.

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

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

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

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

Management's Discussion and Analysis  
June 30, 2017 (Unaudited)

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

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

**Table 1  
Net Position**

	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2017	2016	2017	2016
Current and other assets	\$ 2,192,165	\$ 2,104,617	\$ 57,944	\$ 44,732
Capital assets (net)	2,104,560	1,932,678	-	-
<b>Total assets</b>	<b>4,296,725</b>	<b>4,037,295</b>	<b>57,944</b>	<b>44,732</b>
Deferred outflows of resources	1,713,141	492,532	-	-
<b>Total assets and deferred outflows of resources</b>	<b>6,009,866</b>	<b>4,529,827</b>	<b>57,944</b>	<b>44,732</b>
Long-term obligations	6,492,226	5,326,406	-	-
Other liabilities	465,139	713,579	-	-
<b>Total liabilities</b>	<b>6,957,365</b>	<b>6,039,985</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources	1,150,431	804,552	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>8,107,796</b>	<b>6,844,537</b>	<b>-</b>	<b>-</b>
Net Position:				
Net investment in capital assets	1,838,724	1,619,879	-	-
Restricted	74,669	-	57,944	44,732
Unrestricted	(4,011,323)	(3,934,589)	-	-
<b>Total net position</b>	<b>\$ (2,097,930)</b>	<b>\$ (2,314,710)</b>	<b>\$ 57,944</b>	<b>\$ 44,732</b>

Management's Discussion and Analysis  
 June 30, 2017 (Unaudited)

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Component Unit - Morehouse DARE, Inc.	
	2017	2016	2017	2016
<b>Revenues</b>				
<b>Program revenues:</b>				
Charges for services	\$ 4,963,435	\$ 5,011,760	\$ -	\$ -
Operating grants	1,291,882	1,043,927	21,769	29,480
<b>General revenues:</b>				
Property taxes	773,727	758,836	-	-
Sales taxes	2,766,245	2,617,372	-	-
Interest	713	800	-	-
Miscellaneous	405,183	302,548	1,000	-
Total revenues	<u>10,201,185</u>	<u>9,735,243</u>	<u>22,769</u>	<u>29,480</u>
<b>Program expenses</b>				
Public safety	9,814,649	8,982,426	9,557	13,782
Interest expense	10,199	11,837	-	-
OPEB obligation	159,557	242,029	-	-
Total expenses	<u>9,984,405</u>	<u>9,236,292</u>	<u>9,557</u>	<u>13,782</u>
Increase (decrease) in Net Position	<u>\$ 216,780</u>	<u>\$ 498,951</u>	<u>\$ 13,212</u>	<u>\$ 15,698</u>

At the close of the fiscal year, liabilities and deferred inflows of the Sheriff exceeded assets and deferred outflows by \$2,097,930. Of that amount, \$1,838,724 represents the Sheriff's investment in capital assets net of accumulated depreciation and related debt. Those assets are not available for future spending. The balance represents a deficit in unrestricted net position.

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

Management's Discussion and Analysis  
June 30, 2017 (Unaudited)

**Table 3**  
**Governmental Activities**

	Governmental Activities				Component Unit - Morehouse DARE, Inc.			
	Total Cost of Services		Net Cost of Services		Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016	2017	2016	2017	2016
Public safety	\$ 9,814,649	\$ 8,982,426	\$ 3,559,332	\$ 2,926,739	\$ 9,557	\$ 13,782	\$ (12,212)	\$ (15,698)
Interest expense	10,199	11,837	10,199	11,837	-	-	-	-
OPEB obligation	159,557	242,029	159,557	242,029	-	-	-	-
Totals	<u>\$ 9,984,405</u>	<u>\$ 9,236,292</u>	<u>\$ 3,729,088</u>	<u>\$ 3,180,605</u>	<u>\$ 9,557</u>	<u>\$ 13,782</u>	<u>\$ (12,212)</u>	<u>\$ (15,698)</u>

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

As of June 30, 2017, combined governmental fund balances of \$1,894,591 showed an increase of \$348,419 over June 30, 2016. The General Fund's balance of \$2,105,620 was increased \$478,207 by 2017 operations. The Corrections Fund's deficit balance of \$211,029 was increased by \$129,788 by 2017 operations.

The changes in fund balance for both funds were the result of normal operations. There were no significant variances in revenues or expenditures. There is normally a transfer from the General Fund to the Corrections Fund. There were no transfers during 2017.

**Budgetary Highlights**

Budgeted revenues of the General Fund were increased \$336,675 with an amendment. The increase was due to expected increases in sales taxes and other revenues offset by a decrease in supplemental pay. Budgeted expenditures increased \$70,840 for anticipated increased expenditures in capital outlay and personal services offset by decreases in debt service and materials and supplies. Actual revenues exceeded budgeted revenues by \$545,136 and actual expenditures exceeded budgeted expenditures by \$363,513.

Budgeted revenues of the Corrections Fund decreased \$286,787 with an amendment. The decrease was due to expected decreases in fees and commissions and other revenues. Budgeted expenditures increased \$21,575 due to the amendment which increased personal services, travel and other charges, and operating services offset by decreases in capital outlay and materials and supplies. Actual revenues exceeded budgeted revenues by \$54,954 while actual expenditures exceeded budgeted expenditures by \$221,718.

Management's Discussion and Analysis  
June 30, 2017 (Unaudited)

**Capital Asset and Debt Administration**

*Capital Assets.* The Sheriff's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$2,104,560 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture and equipment, vehicles, and public safety equipment. During the year, the Sheriff purchased equipment totaling \$13,649, and vehicles totaling \$163,798. Additionally, the Sheriff completed \$214,577 in improvements to the operations center. Also, during the year, the Sheriff disposed of vehicles totaling \$125,641.

*Long-Term Obligations.* At the end of the year, Sheriff had total long-term debt of \$265,836 which consisted of bonds payable. The Sheriff is also obligated for compensated absences of \$120,602, an OBEB obligation of \$2,117,532, and a net pension liability of \$4,094,477. There was no new debt during 2017.

**Economic Factors and Next Year's Budgets**

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

The 2018 General Fund and Corrections Fund budgets are similar to 2017 budgets.

**Requests for Information**

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





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mike Tubbs  
Morehouse Parish Sheriff  
Bastrop, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, and each major fund of the Morehouse Parish Sheriff, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Morehouse Parish Sheriff  
Bastrop, Louisiana  
Independent Auditor's Report  
June 30, 2017

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Morehouse Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morehouse Parish Sheriff's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

*Bosch & Statham*

Ruston, Louisiana  
December 27, 2017

## **Basic Financial Statements**

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**GOVERNMENTAL ACTIVITIES  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

	<b>Governmental Activities</b>	<b>Component Unit - Morehouse DARE, Inc.</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,000,218	\$ 57,944
Receivables	1,151,086	-
Due from other funds	39,350	-
Due from others	1,511	-
Capital assets, net of accumulated depreciation	2,104,560	-
Total assets	<u>4,296,725</u>	<u>57,944</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	<u>1,713,141</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts, salaries and other payables	297,574	-
Compensated absences	120,602	-
Revenue bonds due within one year	46,963	-
Revenue bonds payable in more than one year	218,873	-
Net OPEB obligation	2,178,876	-
Net pension liability	4,094,477	-
Total liabilities	<u>6,957,365</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	<u>1,150,431</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,838,724	-
Restricted	74,669	57,944
Unrestricted	(4,011,323)	-
Net position	<u>\$ (2,097,930)</u>	<u>\$ 57,944</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, 2017

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	\$ 9,814,649	\$ 4,963,435	\$ 1,291,882	\$ -	\$ (3,559,332)	
Interest expense	10,199	-	-	-	(10,199)	
OPEB obligation	159,557	-	-	-	(159,557)	
Total governmental activities	<u>\$ 9,984,405</u>	<u>\$ 4,963,435</u>	<u>\$ 1,291,882</u>	<u>\$ -</u>	<u>(3,729,088)</u>	
Component Unit - Morehouse DARE, Inc.	<u>\$ 9,557</u>	<u>\$ -</u>	<u>\$ 21,769</u>	<u>\$ -</u>		\$ 12,212
General revenues:						
Property taxes levied for:						
Public safety					773,727	-
Sales and use taxes levied for public safety					2,766,245	-
Unrestricted investment earnings					713	-
Gain (loss) on disposal of capital assets					26,128	-
Donations					682	1,000
Other					378,373	-
Total general revenues					<u>3,945,868</u>	<u>1,000</u>
<b>Change in net position</b>					216,780	13,212
Net position at beginning of year					(2,314,710)	44,732
<b>Net position at end of year</b>					<u>\$ (2,097,930)</u>	<u>\$ 57,944</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, 2017**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>CORRECTIONS FUND</b>	<b>TOTALS</b>
Cash and cash equivalents	\$ 828,584	\$ 171,634	\$ 1,000,218
Receivables	298,139	852,947	1,151,086
Due from other funds	1,110,961	44,969	1,155,930
Due from others	1,511	-	1,511
Total assets	<u>\$ 2,239,195</u>	<u>\$ 1,069,550</u>	<u>\$ 3,308,745</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	67,203	113,523	180,726
Salaries and related payables	60,663	56,185	116,848
Due to other funds	5,709	1,110,871	1,116,580
Total liabilities	<u>133,575</u>	<u>1,280,579</u>	<u>1,414,154</u>
Fund equity - fund balances:			
Unassigned	2,030,951	(211,029)	1,819,922
Restricted	74,669	-	74,669
Total fund equity - fund balances	<u>2,105,620</u>	<u>(211,029)</u>	<u>1,894,591</u>
Total liabilities and fund equity	<u>\$ 2,239,195</u>	<u>\$ 1,069,550</u>	<u>\$ 3,308,745</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, 2017

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Total fund balances - governmental funds	\$ 1,894,591
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources	2,104,560
Deferred inflows - pension related	1,713,141
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements:	
Compensated absences	(120,602)
Revenue bonds payable	(265,836)
Net OPEB obligation	(2,178,876)
Net pension liability	(4,094,477)
Deferred inflows - pension related	<u>(1,150,431)</u>
Net position of governmental activities	<u>\$ (2,097,930)</u>

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	CORRECTIONS FUND	TOTALS
Revenues:			
Taxes:			
Ad valorem	\$ 773,727	\$ -	\$ 773,727
Sales and use	2,766,245	-	2,766,245
Intergovernmental funds:			
Federal funds:			
Other federal funds	80,193	-	80,193
State funds:			
State revenue sharing	97,287	-	97,287
NLDEB	18,239	-	18,239
State supplemental pay	565,159	-	565,159
Other state funds	270,682	-	270,682
Local funds	260,322	-	260,322
Fees, charges and commissions for services	192,251	4,506,566	4,698,817
Fines and forfeitures	264,618	-	264,618
Use of money and property	483	230	713
Donations	682	-	682
Other revenues	38,603	82,071	120,674
Total revenues	<u>5,328,491</u>	<u>4,588,867</u>	<u>9,917,358</u>
Expenditures:			
Current:			
Public safety:			
Personal services	3,659,667	3,093,746	6,753,413
Operating services	429,332	431,052	860,384
Material and supplies	286,820	878,491	1,165,311
Travel and other charges	119,869	254,005	373,874
Debt service	-	57,162	57,162
Capital outlay	387,825	4,199	392,024
Total expenditures	<u>4,883,513</u>	<u>4,718,655</u>	<u>9,602,168</u>
Excess (deficiency) of revenues over expenditures	<u>444,978</u>	<u>(129,788)</u>	<u>315,190</u>
Other sources (uses):			
Proceeds from the sale of assets	26,128	-	26,128
Proceeds from insurance	7,101	-	7,101
Total other sources (uses)	<u>33,229</u>	<u>-</u>	<u>33,229</u>
Net change in fund balances	478,207	(129,788)	348,419
Fund balances at beginning of year	1,627,413	(81,241)	1,546,172
Fund balances at end of year	<u>\$ 2,105,620</u>	<u>\$ (211,029)</u>	<u>\$ 1,894,591</u>



**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, 2017**

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Net change in fund balances - total governmental funds \$ 348,419

**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	392,024
Depreciation expense	(220,142)
Proceeds from sale of assets	(26,128)
Gain (loss) on the disposal of assets	26,128

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	46,963
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Some items reported in the statement of activities, such as the change in the OPEB obligation, change in GASB 68 pension liability, or a net decrease or increase in compensated absences, do not require the use of current financial resources, nor do they provide any, and therefore are not reported as expenditures or revenues in the governmental funds:

Change in compensated absences payable	(12,431)
Change in OPEB obligation	(159,557)
Pension expense	(429,094)
Nonemployer contributions to pension plan	250,598

Change in net position of governmental activities	\$ 216,780
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**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**FIDUCIARY FUND TYPE - AGENCY FUNDS STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

**ASSETS**

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Cash and cash equivalents	<u>\$ 496,239</u>
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**LIABILITIES**

Due to other funds	\$ 39,350
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Due to taxing bodies and others	<u>456,889</u>
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Total liabilities	<u>\$ 496,239</u>
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**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

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**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, 2017**

**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 Sheriffs commission on ad valorem taxes for the fiscal year ended June 30, 1977. For the 2016 tax roll, the district levied 5.37 mills on property with an assessed value of \$179,363,085.

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

	2017 Assessed Valuation	Percent of Total Assessed Valuation	Tax
Entergy Louisiana Holdings, Inc.	\$ 7,754	4.32%	\$ 785
Texas Gas Transmission Corp.	6,695	3.73%	626
Midcontinent Express Pipeline, LLC	5,554	3.10%	528
Gulf Crossing Pipeline Company	3,908	2.18%	371
Union Pacific Corp. Tax	3,670	2.05%	337
Southern Natural Gas Co.	2,654	1.48%	219
Wal-mart Real Estate Business Trust	1,599	0.89%	210
Tennessee Gas Pipeline	2,132	1.19%	190
Kennedy Rice Dryers, LLC	1,808	1.01%	184
Wal-mart Louisiana, LLC	1,242	0.69%	163
Total	<u>\$ 37,016</u>	<u>20.64%</u>	<u>\$ 3,613</u>

**Sales and Use Taxes**

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

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Sales and Use Taxes (Continued)**

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

**Capital Assets**

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

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

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

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

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

**Compensated Absences**

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

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

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

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded in the government-wide financial statements as long-term liabilities. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017

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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, 2017, the Sheriff has cash and cash equivalents (book balances) totaling \$1,496,220, as follows:

Primary government:	
Demand deposits	\$ 1,495,457
Cash on hand	-
Petty cash	1,000
Total	<u>1,496,457</u>
Amounts held in agency funds	<u>(496,239)</u>
Total primary government	<u>\$ 1,000,218</u>
Component unit:	
Demand deposits	<u>\$ 57,944</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, 2017**

**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, 2017, the Sheriff had bank balances of \$1,826,226, of which \$1,576,226 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Sheriff's name	<u>1,576,226</u>
Total balances exposed to custodial credit risk	<u>1,576,226</u>
<b>Total bank balances</b>	<b><u><u>\$ 1,826,226</u></u></b>

**NOTE 3 - RECEIVABLES**

The receivables of \$1,105,567 at June 30, 2017, are as follows:

	General Fund	Corrections Fund	Totals
Taxes:			
Property	\$ 2,226	\$ -	\$ 2,226
Sales	186,993	-	186,993
Intergovernmental:			
State grants	45,519	-	45,519
Local grants	18,906	-	18,906
Fees, charges and commissions for services	33,933	852,947	886,880
Fines and forfeitures	10,550	-	10,550
Other	12	-	12
Total governmental funds	<u>\$ 298,139</u>	<u>\$ 852,947</u>	<u>\$ 1,151,086</u>
Due from agency funds			39,350
Total government-wide			<u><u>\$ 1,190,436</u></u>

**NOTE 4 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances as of June 30, 2017, were as follows:

		Due To			
		General	Corrections	Fiduciary Funds - Agency Fund	Total
Due From	General	\$ -	\$ 1,110,871	\$ 90	\$ 1,110,961
	Corrections	5,709	-	39,260	44,969
	Total	<u>\$ 5,709</u>	<u>\$ 1,110,871</u>	<u>\$ 39,350</u>	<u>\$ 1,155,930</u>

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 5 – CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ 66,850	\$ 214,577	\$ -	\$ 281,427
Total capital assets not being depreciated	<u>66,850</u>	<u>214,577</u>	<u>-</u>	<u>281,427</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	3,125,673	-	-	3,125,673
Equipment	745,553	13,649	-	759,202
Vehicles	1,272,431	163,798	(125,641)	1,310,588
Total capital assets being depreciated	<u>5,143,657</u>	<u>177,447</u>	<u>(125,641)</u>	<u>5,195,463</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	1,710,144	78,141	-	1,788,285
Equipment	554,672	51,602	-	606,274
Vehicles	1,013,013	90,399	(125,641)	977,771
Total accumulated depreciation	<u>3,277,829</u>	<u>220,142</u>	<u>(125,641)</u>	<u>3,372,330</u>
<b>Total capital assets being depreciated, net</b>	<u>1,865,828</u>	<u>(42,695)</u>	<u>-</u>	<u>1,823,133</u>
<b>Total capital assets, net</b>	<u>\$ 1,932,678</u>	<u>\$ 171,882</u>	<u>\$ -</u>	<u>\$ 2,104,560</u>

Depreciation expense of \$220,142 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, 2017:

	<u>Revenue Refunding Bond</u>	<u>Compensated Absences</u>	<u>Net OPEB Obligation</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance at beginning of year	\$ 312,799	\$ 108,171	\$ 2,019,319	\$ 3,041,251	\$ 420,970
Additions	-	79,305	256,966	429,094	79,305
Deductions	(46,963)	(70,736)	(158,753)	(250,598)	(117,699)
Adjustments	-	3,861	-	874,730	3,861
Balance at end of year	<u>\$ 265,836</u>	<u>\$ 120,602</u>	<u>\$ 2,117,532</u>	<u>\$ 4,094,477</u>	<u>\$ 386,438</u>

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

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)**

During the year ended June 30, 1998, the Sheriff entered into a loan agreement for \$2,915,000. The proceeds of the loan were used to pay in full an existing loan with Farmers' Home Administration. The original loan was used for construction and furnishing of the detention center in Morehouse Parish. On August 1, 2012, the District issued revenue and refunding bond, Series 2012. The bond retired the 1998 loan. All debt retirement payments on the loan are made from the Corrections Fund. The 1998 loan bore interest at 5.79% while the 2012 bond bears interest at 3.50%. The final principal and interest payment is due July 1, 2022. The annual requirements to amortize the bond outstanding as of June 30, 2017, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 48,633	\$ 8,529	\$ 57,162
2019	50,363	6,799	57,162
2020	52,154	5,008	57,162
2021	54,009	3,153	57,162
2022	55,930	1,232	57,162
2023	4,747	15	4,762
	<u>\$ 265,836</u>	<u>\$ 24,736</u>	<u>\$ 290,572</u>

Interest costs of \$10,199 were incurred and expensed in the Corrections Fund for the year ended June 30, 2017.

**NOTE 7 - RETIREMENT SYSTEM**

*Plan Description*

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

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

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

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

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

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 7 - RETIREMENT SYSTEM (CONTINUED)**

For members hired on or before December 31, 2011, the retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optimal payment form) 100% of average final compensation. 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 members with less than 30 years of service is three percent; for members with 30 or more years of service, the accrual rate is three and one-third percent.

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

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

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

For the year ended June 30, 2017, the Morehouse Parish Sheriff's total payroll for all employees was \$4,972,996. Total covered payroll was \$4,596,485. 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  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**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, 2017, the actual employer contribution rate was 13.25%, 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. In accordance with state statute, the System receives ad valorem taxes, insurance premium taxes, and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Members are required by state statute to contribute 10.25% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Morehouse Parish Sheriff to the System monthly. The Morehouse Parish Sheriff's contributions to the System for the year ending June 30, 2017 were \$609,037.

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

At June 30, 2017, the Employer reported a liability of \$4,094,477 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the Morehouse Parish Sheriff's proportion was 0.645115%, which was a decrease of 0.037159% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Morehouse Parish Sheriff recognized pension expense of \$625,247 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, (\$196,153). Total pension expense was \$429,094.

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 7 - RETIREMENT SYSTEM (CONTINUED)**

At June 30, 2017, 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	\$-	\$429,465
Changes in assumptions	334,506	-
Net difference between projected and actual earnings on pension plan	1,025,444	-
Changes in employer's proportion of beginning net pension liability	(255,859)	720,966
Differences between employer and proportionate share of contributions	13	-
Subsequent measurement contributions	609,037	-
Total	\$1,713,141	\$1,150,431

The \$609,037 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, 2018. 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:	
2017	\$80,387
2018	80,387
2019	80,387
2020	80,387
2021	80,387
2022	80,387
2023	80,387

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.6%, net of investment expense
Discount Rate	7.5%
Projected salary increases	5.5% (2.875% inflation, 2.625% merit)
Mortality rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables for active members, healthy annuitants and beneficiaries
Expected remaining service lives	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  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2016 were as follows:

Asset Class	Expected Rate of Return		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	60%	6.4%	3.9%
Bonds	25%	1.9%	0.5%
Alternative investments	15%	4.3%	0.6%
Cash and cash equivalents	-	-	-
Totals	100%		5.0%
Inflation			2.7%
Expected arithmetic nominal return			7.7%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. 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.

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 7 - RETIREMENT SYSTEM (CONTINUED)**

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

The following presents the Morehouse Parish Sheriff's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Morehouse Parish Sheriff's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$6,946,698	\$4,094,477	\$1,740,307

*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, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

**Plan description**

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

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

**Contribution Rates**

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

**Fund Policy**

Until the fiscal year ending 2011, the Morehouse Parish Sheriff's Office recognized the cost of providing post-employment medical benefits (the Morehouse Parish Sheriff's Office's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. During the year ended June 30, 2017, the Morehouse Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$97,409.

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

**Annual Required Contribution**

The Morehouse Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. However, GASB 45 requires that the valuation be updated at least triennially for plans with a total membership of fewer than 200. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2010 is \$328,451, as set forth below:

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

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

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017:

Beginning net OPEB obligation (Asset) 7/1/2016	\$ 2,019,319
Annual required contribution	290,703
Interest on net OPEB obligation (Asset)	80,773
ARC adjustment	(114,510)
OPEB cost	256,966
Contribution	-
Current year retiree premium	(97,409)
Change in net OPEB obligation	159,557
Ending net OPEB obligation (Asset) 6/30/2017	<u>\$ 2,178,876</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, 2017	\$ 256,966	-37.91%	\$ 2,178,876

**Funded Status and Funding Progress**

In the fiscal year ending June 30, 2017, the Morehouse Parish Sheriff's Office made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$2,526,967, which is defined as that portion, as determined by a particular actuarial cost method (the Morehouse Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in the fiscal year ended June 30, 2017, the entire actuarial accrued liability of \$2,526,967 was unfunded.

Actuarial accrued liability (AAL)	\$ 3,437,236
Actuarial value of plan assets	-
Unfunded actual accrued liability (UAAL)	<u>3,437,236</u>
Funded ratio (Act. Val. Assets/AAL)	0%
Covered payroll (active plan members)	<u>\$ 4,379,512</u>
UAAL as a percentage of covered payroll	78.48%

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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

**Actuarial Value of Plan Assets**

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

**Turnover Rate**

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

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



**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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

**Post employment Benefit Plan Eligibility Requirements**

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

**Investment Return Assumption (Discount Rate)**

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

**Health Care Cost Trend Rate**

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

**Mortality Rate**

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

**Method of Determining Value of Benefits**

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

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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – DEFICIT FUND BALANCE**

As of June 30, 2017, the Corrections Fund had a deficit of \$211,029. The Sheriff plans to eliminate the deficit by transferring funds from General Fund.

**NOTE 10 – CHANGES IN AGENCY FUNDS' BALANCES**

A summary of changes for the year ended June 30, 2017 in agency funds' balances due to taxing bodies and others is as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>
Tax Collector Fund	\$ 5,156	\$ 13,841,170	\$ (13,840,667)	\$ 5,659
Criminal Fund	325,334	625,763	(732,711)	218,386
Civil Fund	25,294	509,572	(510,569)	24,297
License Fund	-	80,399	(80,399)	-
Inmate Commissary Fund	51,510	596,360	(589,080)	58,790
Inmate Work Release Fund	175,312	1,269,242	(1,255,447)	189,107
Totals	<u>\$ 582,606</u>	<u>\$ 16,922,506</u>	<u>\$ (17,008,873)</u>	<u>\$ 496,239</u>

**NOTE 11 – TAX COLLECTOR ENDING CASH BALANCE**

Except for protested taxes, at June 30, 2017, the tax collector has no cash and cash equivalents (book balances).

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 12 – AD VALOREM TAXES COLLECTED**

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2017, by taxing body, as follows:

Louisiana Department of Agriculture & Forestry	\$	12,604
Tensas Basin Levee District		169,991
Louisiana Tax Commission		17,138
Morehouse Parish:		
Assessor		492,546
Police Jury		2,059,444
School Board		5,248,827
Sheriff		755,688
Library		450,837
Bastrop Fire District No. 2		1,157,400
Ward 2 Cemetery		30,084
Ward 2 Fire District		74,823
Ward 5 Fire District		51,531
Ward 6 Fire District		114,227
Ward 8 Fire District		60,942
Ward 10 Fire District		34,825
Bonne Idee Drainage District		24,353
Hospital Service District		1,770,907
Total		<u>\$ 12,526,168</u>

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 13 – AD VALOREM TAXES UNCOLLECTED AND UNSETTLED**

The tax collector has not collected and disbursed the following taxes for the year ended June 30, 2017, by taxing body, as follows:

Tensas Basin Levee District	\$	1,868
Morehouse Parish:		
Assessor		6,391
Police Jury		27,382
School Board		71,634
Sheriff		9,806
Library		6,043
Bastrop Fire District No. 2		15,371
Ward 2 Cemetery		2,215
Ward 2 Fire District		5,508
Ward 5 Fire District		47
Ward 6 Fire District		59
Ward 8 Fire District		184
Ward 10 Fire District		81
Bonne Idee Drainage District		29
Hospital Service District		23,738
Agricultural Center		1,041
Total	\$	<u>171,395</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 14 – AD VALOREM TAXES PAID UNDER PROTEST**

Unsettled balances due to taxing bodies and others reported in the agency funds as of June 30, 2017, include \$5,659 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 15 – 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 under this arrangement totaled \$565,159. The related expenditures of \$565,159 are included in public safety expenditures in the General Fund.

**MOREHOUSE PARISH SHERIFF  
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**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 16 - 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 17 - LITIGATION**

As of June 30, 2017, 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 18 – 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 19 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 27, 2017, the date on which the financial statements were available to be issued.

**NOTE 20 – NEW ACCOUNTING STANDARDS**

GASB has issued the following statements:

*Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. There were no significant effects on these financial statements.

*Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 20 – NEW ACCOUNTING STANDARDS (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 20 – NEW ACCOUNTING STANDARDS (CONTINUED)**

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

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

**Required Supplemental Information (Part II)**



**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
Revenues:				
Taxes:				
Ad valorem	\$ 745,000	\$ 768,737	\$ 773,727	\$ 4,990
Sales and use	2,524,300	2,768,114	2,766,245	(1,869)
Intergovernmental funds:				
Federal funds:				
Other federal funds	2,000	10,545	80,193	69,648
State funds:				
State revenue sharing	90,000	97,287	97,287	-
NLDEB	-	-	18,239	18,239
DARE	10,000	-	-	-
State supplemental pay	600,000	519,640	565,159	45,519
Other state funds	-	14,620	270,682	256,062
Local funds	190,000	221,053	260,322	39,269
Fees, charges, and commissions for services	136,350	170,164	192,251	22,087
Fines and forfeitures	142,500	156,116	264,618	108,502
Use of money and property	530	406	483	77
Other revenues	6,000	56,673	38,603	(18,070)
Donations	-	-	682	682
Total revenues	<u>4,446,680</u>	<u>4,783,355</u>	<u>5,328,491</u>	<u>545,136</u>
Expenditures:				
Current:				
Public safety:				
Personal services	3,609,600	3,643,400	3,659,667	16,267
Operating services	416,250	423,500	429,332	5,832
Material and supplies	258,500	244,500	286,820	42,320
Travel and other charges	37,810	28,600	119,869	91,269
Debt service	22,000	-	-	-
Capital outlay	105,000	180,000	387,825	207,825
Total expenditures	<u>4,449,160</u>	<u>4,520,000</u>	<u>4,883,513</u>	<u>363,513</u>
Excess (deficiency) of revenues over expenditures	(2,480)	263,355	444,978	181,623
Other sources (uses):				
Operating transfers out	(5,000)	(5,000)	-	5,000
Proceeds from the sale of assets	4,000	26,128	26,128	-
Proceeds from insurance	12,000	7,101	7,101	-
Total other sources (uses)	<u>11,000</u>	<u>28,229</u>	<u>33,229</u>	<u>5,000</u>
Net change in fund balances	8,520	291,584	478,207	186,623
Fund balances at beginning of year	1,603,325	1,957,553	1,627,413	(330,140)
Fund balances at end of year	<u>\$ 1,611,845</u>	<u>\$ 2,249,137</u>	<u>\$ 2,105,620</u>	<u>\$ (143,517)</u>

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - CORRECTIONS FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
Revenues:				
Fees, charges, and commissions for services	\$ 4,695,450	\$ 4,456,683	\$ 4,506,566	\$ 49,883
Use of money and property	250	230	230	-
Other revenues	125,000	77,000	82,071	5,071
Total revenues	<u>4,820,700</u>	<u>4,533,913</u>	<u>4,588,867</u>	<u>54,954</u>
Expenditures:				
Current:				
Public safety:				
Personal services	2,850,000	2,933,000	3,093,746	160,746
Operating services	392,600	422,275	431,052	8,777
Material and supplies	846,500	832,100	878,491	46,391
Travel and other charges	171,100	248,200	254,005	5,805
Debt service	57,162	57,162	57,162	-
Capital outlay	158,000	4,200	4,199	(1)
Total expenditures	<u>4,475,362</u>	<u>4,496,937</u>	<u>4,718,655</u>	<u>221,718</u>
Net change in fund balances	345,338	36,976	(129,788)	(166,764)
Fund balances at beginning of year	(81,256)	61,658	(81,241)	(142,899)
Fund balances at end of year	<u>\$ 264,082</u>	<u>\$ 98,634</u>	<u>\$ (211,029)</u>	<u>\$ (309,663)</u>

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**NOTES TO BUDGETARY COMPARISON SCHEDULES FOR MAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2016	\$ -	\$3,437,236	\$3,437,236	0%	\$4,379,512	78.48%
June 30, 2010	\$ -	\$2,526,967	\$2,526,967	0%	\$4,280,151	59.04%

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) require that the schedule present information from the last three actuarial valuations. Because the requirements of GASB 45 were implemented starting with the year ended June 30, 2011, only 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, 2017**

	<u>2017</u>	<u>2016</u>
Employer's proportion of the net pension liability	0.645115%	0.682274%
Employer's proportionate share of the net pension liability	\$ 4,094,477	\$ 3,041,251
Employer's covered employee payroll	\$ 4,408,367	\$ 4,523,571
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	-92.88%	67.23%
Plan fiduciary net position as a percentage of the total pension liability	82.10%	86.61%

*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, 2017**

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

*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, 2017**

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**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 BALANCE SHEET  
AS OF JUNE 30, 2017**

	<b>Tax Collector Fund</b>	<b>Criminal Fund</b>	<b>Civil Fund</b>	<b>License Fund</b>	<b>Inmate Commissary Fund</b>	<b>Inmate Work Release Fund</b>	<b>Totals</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,659	\$ 218,386	\$ 24,297	\$ -	\$ 58,790	\$ 189,107	\$ 496,239
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ 90	\$ -	\$ 475	\$ 38,785	\$ 39,350
Due to taxing bodies and others	5,659	218,386	24,207	-	58,315	150,322	456,889
Total liabilities	\$ 5,659	\$ 218,386	\$ 24,297	\$ -	\$ 58,790	\$ 189,107	\$ 496,239

**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, 2017**

	<b>Tax Collector Fund</b>	<b>Criminal Fund</b>	<b>Civil Fund</b>	<b>License Fund</b>	<b>Inmate Commissary Fund</b>	<b>Inmate Work Release Fund</b>	<b>Totals</b>
Unsettled balances due to taxing bodies and others - beginning	\$ 5,156	\$ 325,334	\$ 25,294	\$ -	\$ 51,510	\$ 175,312	\$ 582,606
Additions:							
Deposits:							
Ad valorem taxes:							
Current year	12,850,505	-	-	-	-	-	12,850,505
Prior year	33,668	-	-	-	-	-	33,668
Paid under protest	5,658	-	-	-	-	-	5,658
Appearance bonds, fines, etc.	-	595,846	-	-	-	-	595,846
Beer, liquor, and bingo licenses	-	-	-	7,825	-	-	7,825
Garnishments	-	-	72,929	-	-	-	72,929
Interest:							
Bank account	403	-	-	-	-	-	403
Delinquent taxes	31,010	-	-	-	-	-	31,010
Protested taxes held in escrow	2	-	-	-	-	-	2
Occupational licenses	-	-	-	72,574	-	-	72,574
Redemptions	181,344	-	-	-	-	-	181,344
Sales	-	-	407,467	-	-	-	407,467
State revenue sharing	522,589	-	-	-	-	-	522,589
Tax notices	69,407	-	-	-	-	-	69,407
Other additions	146,584	29,917	29,176	-	596,360	1,269,242	2,071,279
Total additions	<u>13,841,170</u>	<u>625,763</u>	<u>509,572</u>	<u>80,399</u>	<u>596,360</u>	<u>1,269,242</u>	<u>16,922,506</u>

	<b>Tax Collector Fund</b>	<b>Criminal Fund</b>	<b>Civil Fund</b>	<b>License Fund</b>	<b>Inmate Commissary Fund</b>	<b>Inmate Work Release Fund</b>	<b>Totals</b>
Reductions:							
Deposits settled to:							
Bastrop Fire District No. 2	1,180,301	-	-	-	-	-	1,180,301
Bonne Idee Drainage District	24,382	-	-	-	-	-	24,382
City of Bastrop	16,250	-	-	-	-	-	16,250
Hospital Service District	1,775,108	-	-	-	-	-	1,775,108
Litigants	-	-	-	-	-	-	-
Louisiana Department of Forestry	-	-	-	-	-	-	-
Louisiana Tax Commission	17,139	-	-	-	-	-	17,139
Morehouse Parish:							
Clerk of Court	-	23,868	51,622	-	-	-	75,490
Assessor	533,739	-	-	-	-	-	533,739
Police Jury	2,211,893	150,112	-	64,319	-	-	2,426,324
School Board	5,436,978	-	-	-	-	-	5,436,978
Sheriff	873,573	86,091	173,748	16,080	-	-	1,149,492
Library	478,563	-	-	-	-	-	478,563
Pension Funds	359,420	-	-	-	-	-	359,420
Tensas Basin Levee District	177,072	-	-	-	-	-	177,072
Ward 2 Cemetery	30,602	-	-	-	-	-	30,602
Ward 2 Fire District No. 1	74,994	-	-	-	-	-	74,994
Ward 5 Fire District No. 1	51,532	-	-	-	-	-	51,532
Ward 6 Fire District No. 1	115,535	-	-	-	-	-	115,535
Ward 8 Fire District No. 1	60,966	-	-	-	-	-	60,966
Ward 10 Fire District No. 1	35,258	-	-	-	-	-	35,258
Other settlements	387,362	472,640	285,199	-	589,080	1,255,447	2,989,728
<b>Total reductions</b>	<b>13,840,667</b>	<b>732,711</b>	<b>510,569</b>	<b>80,399</b>	<b>589,080</b>	<b>1,255,447</b>	<b>17,008,873</b>
Unsettled balances due to taxing bodies and others - ending	\$ 5,659	\$ 218,386	\$ 24,297	\$ -	\$ 58,790	\$ 189,107	\$ 496,239

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:

\$5,659.00 is the amount of cash on hand in the tax collector account on June 30, 2017;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2016, 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.

[Handwritten Signature]  
Signature  
Sheriff of MOREHOUSE

SWORN to and subscribed before me, Notary, this 29th day of December 2017, in my office in the Bastrop, Louisiana.  
(City/Town)

[Handwritten Signature] (Signature)  
Diane A. Bonner (Print), # 041634  
Notary Public  
DIANE A. BONNER (Commission) 1/2019



**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head: Mike Tubbs, Sheriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,495
Benefits - insurance	7,860
Benefits - retirement	21,859
Benefits - other (expense)	14,478
Per diem	479
Travel	131
	<u>\$ 195,302</u>

## **Other Reports**



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

**To the Honorable Mike Tubbs  
MOREHOUSE PARISH SHERIFF  
Bastrop, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund, of the Morehouse Parish Sheriff, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Morehouse Parish Sheriff's basic financial statements and have issued our report thereon dated December 27, 2017.

**Internal Control over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2017-007 – 2017-010).

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings to be significant deficiencies (2017-001, 2017-004).

**Morehouse Parish Sheriff**  
**Bastrop, Louisiana**  
Independent Auditor's Report - GAGAS  
June 30, 2017

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Morehouse Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-002, 2017-003, 2017-004, and 2017-006.

**Morehouse Parish Sheriff's Response to Findings**

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

**Purpose of this Report**

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

BOSCH & STATHAM, LLC



Ruston, Louisiana  
December 27, 2017



**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

---

**A. SUMMARY OF AUDIT RESULTS**

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

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

*Current Year*

**2017-001 No Physical Inventory of Assets**

**Year First Reported**

2017

**Type**

Significant Deficiency

**Criteria**

Best practices and various regulations require annual physical inventory of capital and other assets.

**Condition**

Management has not recently performed a physical inventory of capital assets or small assets such as tools.

**Cause**

The internal control system is not adequately designed.

**Effect**

Theft, misuse, or declines in value could go unnoticed. Financial statements could be misstated by including missing assets or by failing to revise depreciation.

**Recommendation**

We recommend that written policies and procedures include an annual inventory based on the depreciation schedule (capital assets) and the inventory list (small assets such as tools and small equipment that are below the capitalization threshold). Notation should be made if the condition of an asset is not consistent with the depreciated value.

MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

---

Management's Response

See management's corrective action plan.

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

Year First Reported

2017

Type

Compliance

Criteria

Louisiana Revised Statute 38:2212.1(A)(1)(a) states, "All purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided in this Part." The statute further specifies requirements for the advertisement

Condition

During the year ended June 30, 2017, the Sheriff paid \$147,915 on the Department's fuel card.

Cause

Internal control procedures may not have prevented noncompliance.

Effect

The Sheriff may have violated state law.

Recommendation

We recommend the Sheriff consult legal counsel regarding the best way to proceed.

Management's Response

See management's corrective action plan.

**2017-003 Failure to Use Required Budget Format**

Year First Reported

2017

Type

Compliance

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Criteria**

The Local Government Budget Act (LGBA), found in R.S. 39:1301-1315, directs political subdivisions of the State as to the manner in which the budget of the political subdivisions shall be adopted, implemented, and amended. In addition to the estimates previously required by R.S. 39:1305(C)(2)(a), estimates after January 1, 2011 shall also include:

A clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information

The Louisiana Local Government Budget Act requires the Sheriff to use the following format when adopting his budget:

“A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements shall also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.”

**Condition**

The Sheriff adopted, implemented, and amended the required budgets, but did not use the format set forth in the Louisiana Local Government Budget Act.

**Cause**

Internal control policies and procedures did not prevent noncompliance.

**Effect**

The Sheriff appears to have violated the Act.

**Recommendation**

We recommend that management review the Act and design and implement procedures that ensure compliance with the Act.

**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, 2017**

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**2017-004 Stale Outstanding Items on Bank Reconciliations**

**Year First Reported**

2017

**Type**

Significant Deficiency and Compliance

**Criteria**

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

**Condition**

We noted several outstanding items that are more than six months old on bank reconciliations of multiple accounts. The total of all such items was \$12,891. We noted no indication that anyone had researched the stale reconciling items.

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management's Response**

See management's corrective action plan.

MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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**2017-005 Ethics Training Not Documented**

**Year First Reported**

2017

**Type**

Compliance

**Criteria**

Louisiana Revised Statute 42:1170(A)(3)(a)(i) states, “Commencing on January 1, 2012, each public servant who was not required to complete education and training pursuant to Paragraph (1) or (2) of this Subsection shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be.”

**Condition**

We selected five employees for testing. We noted the following:

1. One employee had a certificate of training.
2. One employee was hired later in the year and had not conducted the training
3. Three employees had no certificate of training.

**Cause**

Internal control procedures have not been designed and implemented to ensure that employees are in compliance.

**Effect**

The statutes include the following regarding penalties for noncompliance:

“(1) The Board of Ethics shall keep records of the compliance with the requirements of this Section by each registered lobbyist and public servant and by state agencies.

(2) If the board discovers that a public servant or lobbyist has failed to complete the training required by this Section, the board shall mail by certified mail a notice of noncompliance informing the person that the training required by this Section shall be completed within forty-five business days from the mailing of the notice of noncompliance. The notice of noncompliance shall include the deadline for completion of the training required by this Section. If the person completes the training prior to the deadline contained in the notice of noncompliance, no penalties shall be assessed against the person.”

**Recommendation**

We recommend that management design and implement procedures to ensure compliance with the requirements.

**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, 2017**

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**2017-006 Audit Report Filed After Due Date**

**Year First Reported**  
2017

**Condition**

The Sheriff's audited financial statements as of and for the year ended June 30, 2017 will be filed with the Legislative Auditor after December 31, 2017.

**Criteria**

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

**Cause**

Fieldwork was completed in September and October. However, the auditors were missing a few items needed to complete audit procedures and prepare the financial statements. This caused a delay in the draft report preparation. The auditors submitted the draft findings and AUP report to the Sheriff on December 23, 2017 and the full draft document on December 28, 2017. This did not allow the Sheriff enough time to review the documents and respond to the findings and AUP comments.

**Effect**

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

**Recommendation**

The auditors will communicate more frequently with management to assist in ensuring that the next audit is completed on time. We recommend that management submit all requested information as quickly as possible.

**Management's Response**

See management's corrective action plan.

**2017-007 Controls Pertaining to Fuel Credit Cards**

**Year First Reported**  
2017

**Type**

Material Weakness

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Criteria**

Best practices for controls over fuel purchases include detailed records such as vehicle identification, odometer readings, and purpose of the trips. Additionally, controls should include prompt review of the supporting documentation for reasonableness (number of gallons dispensed, miles traveled, and miles per gallon) by a supervisor or designated responsible employee. To satisfy the communication element of internal control, policies and procedures should be in writing to provide to employees a clear understanding of the requirements and the objectives of the procedures.

**Condition**

During audit procedures and general inquiries, we noted that printed receipts were not being retained or submitted, correct odometer readings were not being entered, and instances of multiple deputies using one individual fuel card.

**Cause**

The cause of the condition is unknown.

**Effect**

Without proper procedures, management cannot properly manage expenditures or reduce the risk of unnecessary expenditures or misuse of Sheriff's office assets.

**Recommendation**

We recommend that management design and implement policies and procedures to properly manage fuel costs. The policies and procedures should be written to include the required elements of risk assessment, control activities, communication, and monitoring.

**Management's Response**

See management's corrective action plan.

**2017-008 Lack of Supervision and Review for Special Activities**

**Year First Reported**

2017

**Type**

Material Weakness

**Criteria**

Accounting policies and procedures following best practices should include all activities of the Sheriff's office.

**Condition**

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 record at their own offices. This setup lacks a proper segregation of duties.

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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

1. Expenditures were not supported by purchase orders
2. The bank account was not reconciled monthly.
3. Numerous disbursements were not supported by proper invoices or receipts.
4. The chart of accounts was modified from the previous year.
5. Sales tax was paid on many of the purchases
6. Debit cards were used but we were unable to obtain definitive evidence of how many debit cards are in circulation.

We also noted the following issues with the NLDEB Fund:

1. Expenditures were not supported by purchase orders
2. Debit cards were used but we were unable to obtain definitive evidence of how many debit cards are in circulation.

**Cause**

The internal control system is not properly designed.

**Effect**

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

**Recommendation**

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

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

**Management's Response**

See management's corrective action plan.

**2017-009 Lack of Written Policies and Procedures**

**Year First Reported**

2017

**Type**

Material Weakness

**Criteria**

Basic internal control guidelines and the Louisiana Legislative Auditor's Best Practices publication require that the Sheriff's policies and procedures be in written form.



**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Condition**

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

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

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

**Cause**

The internal control system is not adequately designed.

**Effect**

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

**Recommendation**

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

**Management's Response**

See management's corrective action plan.

**2017-010 Purchasing and Disbursements**

**Year First Reported**

2017

**Type**

Significant Deficiency

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Criteria**

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

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

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

**Condition**

We selected a sample of twenty-five disbursements for testing: The results of the test are as follows:

1. Three out of twenty-five disbursements were not supported by a proper invoice or receipt.
2. Eight out of twenty-five disbursements should have been supported by evidence that the goods or services were received. Receipt was not documented for six out of eight disbursements.
3. Six of twenty-five disbursements should have been supported by a purchase orders. Five out of six disbursements were not supported by properly completed purchase orders.

We also selected ten credit/debit cards for testing. The following is a summary of the results:

1. None of the cards' monthly statements had evidence that they had been reviewed and approved.
2. Except for one statement, we noted no evidence that the supporting documentation had been reviewed and approved.
3. We noted that for one credit card account (four card holders), there were two late charges and three finance charges during the year.
4. For one card, a debit card, there were two transactions. One of the two transactions was supported by a receipt but no purchase order. One of the two transactions was not supported by any documents.
5. For another card, a credit card, there were two transactions. There were receipts but there were no purchase orders or documentation of business purposes.
6. Transactions for the remainder of the test were of transactions on a fuel card account with multiple cards. There were seventy-four transactions. There were instances where employees were not entering correct odometer readings into the system or submitting receipts to the Civil Department to support the charges.

**Cause**

The cause of the condition is unknown.

**Effect**

The purchase cannot be properly evaluated and authorized. Management may incur unnecessary expenditures or exceed its budgeted expenditures.

**MOREHOUSE PARISH SHERIFF  
BASTROP, LOUISIANA**

**SCHEDULE OF FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

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**Recommendation**

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

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

**Management's Response**

See management's corrective action plan.

*Prior Year*

**2016-001 Failure to Obtain Actuarial Valuation for OPEB Reporting**

**Current Status**

This finding was 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

**Brian K. Shoemaker**  
Chief Criminal Deputy

**Jeff Winnon**  
Chief Civil Deputy

December 27, 2017

Bosch & Statham, LLC  
P. O. Box 2377  
Ruston, LA 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 1, 2016 through June 30, 2017, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (should be customized by entity, as applicable).

Yes  No

2. For the fiscal period July 1, 2016 through June 30, 2017, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes  No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes  No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes  No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2017, and December 27, 2017.

Yes  No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.
- Yes  No
7. We represent that the listing of bank accounts provided to you is complete.
- Yes  No
8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.
- Yes  No
9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.
- Yes  No
10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.
- Yes  No
11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.
- Yes  No
12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.
- Yes  No
13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.
- Yes  No
14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.
- Yes  No
15. We have disclosed to you [*list other matters as you have deemed appropriate*].

Yes  No

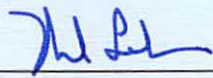
16. We have responded fully to all inquiries made by you during the engagement.

Yes  No

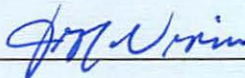
17. We are not aware of any events that have occurred subsequent to June 30, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes  No

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

Signature  Date 12/29/2017

Title Sheriff

Signature  Date 12/29/2017

Title Chief Civil Deputy

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by Morehouse Parish Sheriff, Louisiana, (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*The Sheriff does not have a budgeting policy as of June 30, 2017.*

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

*The Sheriff adopted a purchasing policy on July 1, 2008, but it does not include how vendors are added to the vendor list.*

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

*The Sheriff does not have a disbursements policy as of June 30, 2017.*

d) ***Receipts***, including receiving, recording, and preparing deposits

*The Sheriff does not have a receipts policy as of June 30, 2017.*

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

*The Sheriff adopted a personnel policy on July 1, 2008. However, the policy does not address payroll processing as of June 30, 2017.*

**Independent Accountant’s Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

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

*The Sheriff does not have a contracting policy as of June 30, 2017.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*The Sheriff does not have a credit card policy as of June 30, 2017.*

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

*The Sheriff adopted a travel and expense reimbursement policy on July 1, 2008. The policy does not address dollar thresholds by category of expense.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The Sheriff adopted an ethics policy on July 1, 2008. However, the policy does not include the elements enumerated above.*

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

*The Sheriff does not have a debt service policy as of June 30, 2017.*

*Exceptions: See above*

*Response: See management’s corrective action plan.*

**Board (or Finance Committee, if applicable)**

---

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

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

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

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity’s prior audit (GAAP-basis).

*Not applicable*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Not applicable*



**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Not applicable*

***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*We obtained a listing and management's representation that the listing is complete.*

*Exceptions: None*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank reconciliations were prepared for all twelve months for all five accounts selected for testing.*

*Exceptions: None*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Two of the five bank reconciliations did not include evidence that a member of management or a designee had reviewed each bank reconciliation.*

*Exceptions: See above*

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

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Not applicable*

***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*We did not receive a list of collection locations.*

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*We obtained insurance policies for surety bonds. We obtained the policy manual, but it did not address collections. We noted no job descriptions.*

*There are six collectors in the Civil Department and a collector at the jail and each of two detention centers. We only noted fidelity coverage for the chief civil deputy, a correctional officer, a warden, an assistant warden, a commissary officer and a deputy.*

*The six collectors in the Civil Department collect payments, write receipts, prepare deposits, post deposits, and reconcile bank accounts. Each collector is responsible for a different fund or funds. However, the Sheriff engages a consultant to review the collectors' work monthly. Additionally, each collector must have another collector review their receipts and deposits.*

*Each collector has their own cash drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Each collector uses a prenumbered cash receipt book. Each collector balances their drawer at the end of each day and completes a daily recap that ties to a deposit they prepare. There is a written policy manual, but it does not address collections. The Tax Fund, Civil Fund, Criminal Fund, and Inmate Funds have special software for tracking receipts, disbursements, and balances by person or case as applicable. Inmate funds are collected at the jail and detention centers in person and via kiosks. Each collector reconciles their bank accounts. A consultant reviews the bank reconciliations, general ledgers, and balancing worksheets for all funds except inmate funds, NLDEB, and DARE.*

*Also see a*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

*We prepared a schedule of collections from data provided by the agency.*

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*We traced the deposits back to supporting documentation including receipt books, receipt data, deposit slips, and bank statements. Four out of fifty-nine deposits were not made within one day of collection. There were no more than three days between receipt date and deposit date.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Two receipts could not be traced back to supporting receipt data.*

*Exceptions: See above*

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

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*There were no written policies and procedures for collections.*

*Exceptions: Management should prepare written policies and procedures to include process to determine completeness of all collections by a person who is not responsible for collections.*

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

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained disbursements from GLs and check listings exported from the accounting systems (GFA, QB, other) by the Chief Civil Deputy. We also obtained management's representation that the listing is complete.*

*Exceptions: None*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

*We randomly selected 25 disbursements for testing.*

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
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- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Six disbursements did not have purchase orders.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Exceptions: None*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Out of 25 disbursements, 6 should have been supported by properly completed purchase orders but 5 were not. Out of 25 disbursements, 8 should have been supported by a receiving report but 6 were not. Out of 25 disbursements, 3 were not supported by an invoice or other proper support.*

*Exceptions: See above*

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

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The purchasing policy is included in the Sheriff's policy and procedure manual. However, it only specifically addresses only the General and Corrections Funds though the NLDEB and DARE Funds also make purchases. There are separate bookkeepers for the General Fund, the Corrections Fund, the DARE Fund and the NLDEB Fund. The Chief Civil Deputy can access all funds except DARE and NLDEB. He has authority to add, edit, or delete vendors and process payments in all of the funds he has access to. All of the bookkeepers can add, edit or delete vendors in the software and process payments in the fund(s) they are responsible for.*

*Exceptions: See above*

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The same individuals make disbursements as in number 10. Some of those individuals can initiate purchases. All of those individuals record purchases. The Chief Civil Deputy also has signatory authority.*

*Exceptions: See above*

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

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12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*None of the supplies of checks are maintained in a locked location. The majority of supplies are stored at the bookkeepers' desks in the Civil Department. Each of five deputies is responsible for one or more accounting funds and bank accounts. The Chief Civil Deputy has access to all of the checks in the Civil Department, has signatory authority, and has system access to print checks. The deputies responsible for the DARE and NLDEB funds have access to checks, signatory authority, and access to print checks.*

*Exceptions: See above*

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There are two stamps of the Sheriff's signature. The stamps are maintained by two separate individuals. They are instructed to only use the stamp at the Sheriff's instruction, but they maintain custody of the stamp at all times.*

*Checks that are signed are returned to the deputies/bookkeepers for mailing.*

*Exceptions: See above*

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

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*We obtained a listing of cards and management's representation that the listing is complete. We noted that not all cards were listed.*

*Exceptions: See above*

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

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15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

*We selected ten cards for testing. None of the cards' monthly statements had evidence that they had been reviewed and approved. Except for one statement, we noted no evidence that the supporting documentation had been reviewed and approved.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*We noted that for one credit card account (four card holders), there were two late charges and three finance charges during the year.*

*Exceptions: See above*

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*For card one, a debit card, there were two transactions. One of the two transactions was supported by a receipt but no purchase order. One of the two transactions was not supported by any documents.*

*For card two, a credit card, there were two transactions. There were receipts but there were no purchase orders or documentation of business purposes.*

*Transactions for the remainder of the test were of transactions on a fuel card account with multiple cards. There were seventy-four transactions. There were instances where employees were not entering correct odometer readings into the system or submitting receipts to the Civil Department to support the charges. No bids were obtained for fuel though the total cost on the cards was greater than \$30,000 for the year.*

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- b) For each transaction, compare the transaction’s detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity’s written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*See “a” above*

- c) For each transaction, compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*See above. For those transactions that lacked proper support, we were unable to determine whether the transactions violated the Constitution. For those transactions that were supported by proper documents, we noted no apparent violations.*

***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management’s representation that the listing or general ledger is complete.

*We did not receive a list of travel expenses. We copied detail of travel expense accounts from the general ledgers to a worksheet then sorted and totaled by person.*

*Exceptions: See above*

*Response: See management’s corrective action plan.*

18. Obtain the entity’s written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The Sheriff adopted a travel and expense reimbursement policy on July 1, 2008. Except for meals, the policy does not include dollar thresholds for each category of expenses.*

*Exceptions: See above*

*Response: See management’s corrective action plan.*

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19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*For sample item one, we noted no evidence that the documentation was reviewed and approved.*

*For sample item two, we noted no exceptions.*

*For sample item three, we noted no evidence that the documentation was reviewed and approved.*

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*See “a” above*

c) Compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*We compared the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.*

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*See “a” above*

*Exceptions: See above*

*Response: See management’s corrective action plan.*



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***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*We obtained a listing of contracts and management's representation that the listing was complete. There are only two contract vendors.*

*Exceptions: None*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*There are only two vendors. Vendor one had a contract but no payments under it. Vendor two had no contract.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Not applicable.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*For the vendor that was paid, all of the monthly amounts were the same.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable. The Sheriff is an elected official.*

*Exceptions: See above*

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

**Independent Accountant's Report on  
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*Payroll and Personnel*

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*We obtained the listing and management's representation that the listing is complete.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*We selected five employees/officials and obtained their personnel files. One of the employee's personnel files lacked compensation documentation.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Compensation changed during the year for two out of five employees. We noted no evidence of authorization for one out of two employees.*

*Exceptions: See above*

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

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

*We obtained attendance and leave records and selected the period from November 26, 2016 to December 9, 2016 for testing.*

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All of the selected employees documented daily attendance and leave.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Supervisors approved all of the attendance records. Ten of the twenty-five employees used leave during the test period. We noted no evidence of supervisor approval for seven of the employees.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*Leave records were maintained in spreadsheets. Twelve employees were eligible for leave. We noted no leave record for two of the employees.*

*Exceptions: See above*

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

**Independent Accountant's Report on  
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24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*We obtained from management a list of employees who were terminated during the fiscal period. We selected the two largest payments for testing. The termination payments were made in strict accordance with policy, but we noted no evidence other than the signed checks that the payments were approved by management.*

*Exceptions: See above*

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

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*We obtained IRS Forms 941, Louisiana forms L-1, and the retirement contribution reports. All of the reports/returns and payments appeared to be timely.*

*Exceptions: None*

***Ethics (excluding nonprofits)***

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

*We requested ethics compliance documentation for the five employees/officials. One of the five was hired in June 2017. We inspected documentation for one official. There was no evidence of completed training for three employees.*

*Exceptions: See above*

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

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

*We inquired of the Sheriff and the Chief Civil Deputy. Both officials reported that they did not receive any such allegations during the test period.*

*Exceptions: None*

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

***Debt Service (excluding nonprofits)***

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

*Not applicable*

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

*We agreed debt service expenditures to the amortization schedules and bank statements. We did not identify any debt reserve requirements.*

*Exceptions: None*

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

*We noted no such millages.*

*Exceptions: None*

***Other***

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

*We inquired of the Sheriff and the Chief Civil Deputy. Neither official reported any such activity.*

*Exceptions: None*

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

*We did not observe the notice posted on the premises or on the website.*

*Exceptions: See above*

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

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

*All exceptions are described above.*

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2017**

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

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

BOSCH & STATHAM, LLC

*Bosch & Statham*

Ruston, Louisiana  
December 27, 2017



# Mike Tubbs

Sheriff and Ex-officio Tax Collector  
Morehouse Parish

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**Brian K. Shoemaker**  
Chief Criminal Deputy

**Jeff Winnon**  
Chief Civil Deputy

## Management's Corrective Action Plan

December 31, 2017

### Schedule of Findings

As of and for the year ended June 30, 2017

#### B. Findings – Financial Statements Audit

##### Current Year

##### **2017-001 No Physical Inventory of Assets**

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

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

We have contacted our legal counsel and are considering this matter strongly. We will take sufficient action to correct this matter.

##### **2017-003 Failure to Use Required Budget Format**

Management has reviewed the appropriate act. We will take the auditor's recommendations under advisement and take appropriate action.

##### **2017-004 Stale Outstanding Items on Bank Reconciliations**

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

##### **2017-005 Ethics Training Not Documented**

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

##### **2017-006 Audit Report Filed After Due Date**

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

**2017-007      Controls Pertaining to Fuel Credit Cards**

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

**2017-008      Lack of Supervision and Review for Special Activities**

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

**2017-009      Lack of Written Policies and Procedures**

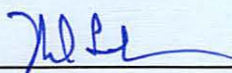
We will take auditor's recommendations under advisement and take appropriate action.

**2017-010      Purchasing and Disbursements**

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

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

Signature:   
Title: Sheriff

Signature:   
Title: Chief Civil Deputy