

FRANKLIN PARISH SHERIFF  
Winnsboro, Louisiana

*Financial Statements*  
*For the Year Ended June 30, 2020*

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA

TABLE OF CONTENTS

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	1-3
<b>Required Supplemental Information (Part A):</b>	
Management's Discussion and Analysis	4-7
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Fiduciary - Agency Funds:	
Fiduciary Fund Descriptions	14
Statement of Fiduciary Assets and Liabilities	15
Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17-35
<b>Required Supplemental Information (Part B):</b>	
Budget Comparison Schedule - General Fund	36
Notes to Budgetary Comparison Schedule	37
Schedule of Changes in Net OPEB Liability and Related Ratios	38
Schedule of Franklin Parish Sheriff's Contributions to Pension Plan	39
Schedule of Sheriff's Proportionate share of the Net Pension Liability	40

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA

TABLE OF CONTENTS

	<u>Page No.</u>
<b>Other Supplementary Information</b>	
Sheriff Affidavit	41
Schedule of Compensation, Benefits and Other Payments to Agency Head	42
<b>Other Reports Required by Government Auditing Standards</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	43-44
Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required by Uniform Guidance	45-46
Schedule of Expenditures of Federal Awards	47
Notes to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49-50
Summary Schedule of Prior Audit Findings	51

INDEPENDENT AUDITOR'S REPORT

The Honorable Kevin Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff, as of and for the year ended June 30, 2020, 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**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and the related notes, the Schedule of Net OPEB Liability and Related Ratios, the Schedule of Franklin Parish Sheriff's Contributions to Pension Plan, and the Schedule of Sheriff's Proportionate share of the Net Pension Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other information, as 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 accompanying supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Supplementary Information**

The Sheriff Affidavit on page 42 and the Schedule of Compensation, Benefits and Other Payments to Agency Head on page 43 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 my opinion, the Sheriff Affidavit 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*, I have also issued my report dated April 26, 2021, on my consideration of the Franklin Parish Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Franklin Parish Sheriff's internal control over financial reporting and compliance.

*David M. Smith, CPA (APSC)*

West Monroe, Louisiana  
April 26, 2021

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



**KEVIN W. COBB**

**FRANKLIN PARISH**

**SHERIFF AND EX-OFFICIO TAX COLLECTOR**

**6556 MAIN STREET . WINNSBORO, LOUISIANA 71295 . TELEPHONE (318) 435-4505 . FACSIMILE (318) 435-5810**

As Management of the Franklin Parish Sheriff's Department, I offer readers of the Franklin Parish Sheriff's financial statements this narrative overview and analysis of the financial activities of the Franklin Parish Sheriff's Office for the fiscal year ended June 30, 2020. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

- Total revenues exceeded total expenses by \$3,152,413.
- Personnel and related benefit costs comprise 62% of total expenses.
- Cash and Cash Equivalents increased \$1,246,130 from the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis provides an overview of the Sheriff's basic financial statements. The Statement of Net Position and the Statement of Activities (Governmental-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Sheriff's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund tells how these services were financed in the short term as well as what remains for future spending. This report also contains other supplementary information in addition to the basic financial statements themselves. In the Independent Auditor's Report, the auditor assures that the Basic Financial Statements are fairly stated. This Independent Auditor's Report should be used to judge the level of assurances provided for each portion in the Financial Section.

**Government - Wide Financial Statements.** These financial statements are used to present a general over all look at the finances of the Franklin Parish Sheriff's Department similar to a private sector business.

**Statement of Net Position.** By determining the difference between the assets and liabilities of the Franklin Parish Sheriff, "Net Position" is determined. By comparing Statements of Net Position over a period of time, the overall financial trend of the sheriff can be monitored.

**Statement of Activities.** This statement shows changes in the sheriff's net position during the course of the fiscal year and includes revenues and expenses for items such as earned and accumulated but unused leave, which is going to affect cash flows in future fiscal years. The Statement of Activities reports all changes to net position as soon as the event affecting net position occurs.

**Fund Financial Statements** - To comply with finance related legal requirements, the Franklin Parish Sheriff groups related accounts into funds. Fund accounting is used by state and local governments to manage revenues or resources designated for a specific purpose. These funds can be divided into two categories: governmental funds and agency or fiduciary funds.

**Government Funds** - Information contained in these funds may be used to determine a government's immediate or near-term financing needs since the focus of governmental fund financial statements is on immediate or near-term revenues and expenses and not only on balances available at the end of the fiscal year.

Governmental funds account for the same functions as governmental activities found in the government-wide statements but is presented with a narrower focus. The reader may find it helpful to draw a comparison between the information presented in the governmental funds with information presented for governmental activities in the government-wide financial statements to better understand the long-range impact of decisions made for near-term financing. One may choose to use the reconciliation provided for the governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balances to more clearly draw the comparison between these governmental funds and governmental activities.

A budgetary comparison statement is provided to demonstrate compliance with the sheriff's annual adopted appropriated budget.

Agency (Fiduciary) Funds - These funds are used to manage monies and resources held by the Sheriff on behalf of others, such as inmate trust deposits, taxes, fines and bonds. Since these resources do not belong to the Sheriff and are not available to support the operations of the Sheriff, they are not reflected in the government-wide financial statements.

**Notes to the Financial Statements** - These notes provide additional information which is helpful in understanding the data presented in the government-wide and fund financial statements.

**Other Information** - This report provides certain required supplementary information above and beyond the basic financial statements and accompanying notes regarding the financial activities of the Franklin Parish Sheriff.

## FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff's net position as of June 30, 2020 was a surplus of \$17,702,309, an increase of \$3,152,413 from the previous year.

### Sheriff's Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current & Other Assets	\$19,433,158	\$15,844,158
Capital Assets	<u>4,119,526</u>	<u>4,317,341</u>
Total Assets	23,552,684	20,161,499
Deferred Outflows of Resources	<u>3,981,371</u>	<u>1,877,214</u>
Total Assets and Deferred Outflows of Resources	27,534,055	22,038,713
Current Liabilities	569,074	492,527
Long-Term, Liabilities	<u>8,694,515</u>	<u>6,181,508</u>
Total Liabilities	9,263,589	6,674,035
Deferred Inflows of Resources	<u>568,157</u>	<u>814,782</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,831,746</u>	<u>7,488,817</u>
Net Position		
Net Investment in Capital Assets	4,119,526	4,317,341
Unrestricted	<u>13,582,783</u>	<u>10,232,555</u>
Total Net Position	<u>\$17,702,309</u>	<u>\$14,549,896</u>

## Governmental Activities

Expenses for the governmental activities increased 3% to approximately \$12 million.

### Changes in Sheriff's Net Position

Program Revenues	<u>2020</u>	<u>2019</u>
Fees, Charges and Commission	9,200,071	9,405,464
Operating Grants and Contributions	<u>3,138,490</u>	<u>193,174</u>
Total Program Revenues	12,338,561	9,598,638
Ad Valorem Taxes	973,349	995,881
Sales Taxes	1,359,895	1,303,404
Other General Revenues	<u>542,503</u>	<u>398,630</u>
Total General Revenues	<u>2,875,747</u>	<u>2,697,915</u>
General Government Expenses	<u>12,061,895</u>	<u>11,691,258</u>
Change in Net Position	<u>3,152,413</u>	<u>605,295</u>

## FINANCIAL ANALYSIS OF SHERIFF FUND

Fund accounting is used by the Franklin Parish Sheriff to demonstrate its compliance with finance related legal requirements and to provide information used in determining the government's financing needs. Governmental funds are used to provide information on near-term inflows, outflows, and expendable resource balances. The unreserved fund balance may be used to gauge the government's end of year net resources that will be available for spending.

The Franklin Parish Sheriff's combined governmental fund balances as of June 30, 2020 is a surplus of \$19,048,109. The June 30, 2019 combined governmental fund balance was \$15,351,361 This is an increase of \$3,696,478.

### Budgetary Highlights

Revenues and expenses in the final budget exceeded projections in the original budget. The original budget was amended.

### Capital Asset and Debt Administration

**Capital Assets:** The Franklin Parish Sheriff investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$4,119,526 (net of accumulated depreciation).

The following summarizes capital assets:

Capital Assets:	<u>2020</u>	<u>2019</u>
Equipment	2,394,342	2,277,390
Buildings	8,924,843	8,894,508
Land	<u>90,000</u>	<u>90,000</u>
	11,409,185	11,261,898
Accumulated Depreciation	<u>(7,289,659)</u>	<u>(6,944,557)</u>
Capital Assets, net	<u><u>4,119,526</u></u>	<u><u>4,317,341</u></u>

**Long-term Debt:** At June 30, 2020 and 2019, the Sheriff had the following long-term debt outstanding:

<u>Governmental Activities</u>	<u>2020</u>	<u>2019</u>
Compensated Absences	184,025	231,536
Other Post-Employment Benefits	5,707,995	3,561,784
Net Pension Liability	<u>2,986,520</u>	<u>2,388,188</u>
	<u><u>\$8,878,540</u></u>	<u><u>\$5,786,692</u></u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Franklin Parish Sheriff's elected official considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- 1) Taxes
- 2) Intergovernmental Revenues
- 3) Fees, Charges, and Commissions for Services

### **Request for Information**

This report may be used by all persons with an interest in the financial status of the Franklin Parish Sheriff. It is designed to help the reader gain a general over-all view of the sheriff's finances. Any question or request for additional information should be addressed to the Franklin Parish Sheriff's Office, 6556 Main Street, Winnsboro, Louisiana 71295.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Net Position**  
**June 30, 2020**

	<u>Governmental Activities</u>
<i>Assets</i>	
Cash and Cash Equivalents	S 16,319,145
Accounts Receivable	2,960,222
Internal Balances	50,456
Inventory	103,335
Capital Assets:	
Non-Depreciable	90,000
Depreciable	4,029,526
	<hr/>
Total Assets	23,552,684
	<hr/>
<i>Deferred Outflows of Resources</i>	
Resources Related to Pensions	1,782,802
OPEB Related	2,198,569
<i>Liabilities</i>	
Accounts Payable	385,049
Long-Term Liabilities	184,025
Net Post Employment Benefit Obligation	5,707,995
Net Pension Liability	2,986,520
	<hr/>
Total Liabilities	9,263,589
<i>Deferred Inflows of Resources</i>	
Resources Related to Pensions	568,157
<i>Net Position</i>	
Net Investment in Capital Assets	4,119,526
Net Position - Unrestricted	13,582,783
	<hr/>
Total Net Position	S 17,702,309
	<hr/> <hr/>

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Activities**  
**For the Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:					
Public Safety	\$ 12,061,895	\$ 9,200,071	\$ 3,138,490	\$ -	276,666
Total Governmental Activities	<u>\$ 12,061,895</u>	<u>\$ 9,200,071</u>	<u>\$ 3,138,490</u>	<u>\$ -</u>	<u>\$ 276,666</u>

General Revenues:	
Property tax levied for public safety	\$ 973,349
Sales tax levied for public safety	1,359,895
State Revenue Sharing	71,066
Other	172,345
Interest Earned	299,092
Total General Revenues	<u>2,875,747</u>
Changes in Net Position	3,152,413
Net Position - Beginning	<u>14,549,896</u>
NET POSITION - ENDING	<u>\$ 17,702,309</u>

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

FUND FINANCIAL STATEMENTS

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Balance Sheet, Governmental Funds**  
**June 30, 2020**

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 16,319,145
Accounts Receivable	2,960,222
Due from Other Funds	50,456
Inventories	103,335
<u>TOTAL ASSETS</u>	<u>\$ 19,433,158</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>Liabilities</u>	
Accounts Payable	<u>\$ 385,049</u>
<u>Total Liabilities</u>	385,049
<u>Fund Balance</u>	
Nonspendable	103,335
Unassigned	18,944,774
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 19,433,158</u>

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**JUNE 30, 2020**

**Reconciliation of the Balance Sheet of the Governmental Funds  
to the Statement of Net Position**

*Amounts reported for governmental activities in the Statement of Net Position are  
different because:*

Fund Balance, Governmental Funds:	S 19,048,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,119,526
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(2,986,520)
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund statements:	
Current Portion of Long Term Debt	(40,036)
Long term Portion of Long Term Debt	(236,190)
Net OPEB obligation	(5,707,995)
The net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	<u>3,413,214</u>
Net Position of Governmental Activities	<u><u>S 17,702,309</u></u>

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**

	<u>General</u> <u>Fund</u>
<u>Revenues</u>	
Ad Valorem Taxes	\$ 973,349
Sales Taxes	1,359,895
Intergovernmental Revenue	
Federal	2,616,081
State	13,747
Local	65,913
State Revenue Sharing	71,066
Fees, Charges & Services	
Commissions	526,457
Civil & Criminal Fees	209,646
Housing Prisoners	8,463,968
State Supplemental Pay	442,749
Use of Money - Interest Earning	299,092
Other	<u>172,345</u>
TOTAL REVENUES	<u>15,214,308</u>
 <u>Expenditures</u>	
Public Safety:	
Personnel Services and Related Benefits	7,171,542
Operating Services	3,731,143
Materials and Supplies	308,978
Travel and Other Charges	20,483
Capital Outlay	<u>285,684</u>
TOTAL EXPENDITURES	<u>11,517,830</u>
 <u>Excess (Deficiency) of Revenues Over</u>	
<u>Expenditures</u>	3,696,478
 <u>Fund Balance - Beginning of the Year</u>	<u>15,351,631</u>
 <u>FUND BALANCE - END OF THE YEAR</u>	<u>\$ 19,048,109</u>

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities**

*Amounts reported for governmental activities in the Statement of Activities  
are different because:*

Net change in fund balances - total governmental funds \$ 3,696,478

Governmental funds report capital outlays as expenditures,  
however, in the statement of activities, the cost of those  
assets is depreciated over their estimated useful lives.

Expenditures for capital assets	147,287	
Less current year depreciation	<u>(345,102)</u>	(197,815)

Payments of long-term debt, including contributions to the OPEB obligation,  
are reported as expenditures in governmental funds. However, these amounts  
are a reduction of long-term liabilities in the Statement of Net Position and  
are not reflected in the Statement of Activities:

Change in compensated absences payable	(47,511)
Change in OPEB obligation	(669,519)
Nonemployer contributions to pension plan	(267,451)
Pension Expense	<u>638,231</u>

Changes in net position of governmental activities \$ 3,152,413

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**FIDUCIARY FUND TYPE – AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**FIDUCIARY FUND TYPE - AGENCY FUNDS**

These funds account for assets held by the sheriff department in a trust or agency capacity.

**LICENSE FUND**

The License Fund is a depository for occupational licenses. Payments are made from the fund to the Sheriff's General Fund and the Franklin Parish Police Jury.

**CRIMINAL FUND**

The Criminal Fund is a depository for fines, forfeitures, and costs in criminal cases. Payments are made from the fund to the Sheriff's General Fund, Police Jury, District Attorney, Clerk of Court, and other recipients in accordance with applicable laws.

**CIVIL FUND**

The Civil Fund is a depository for collection of funds in civil suits, sheriff's sales, and garnishments. Payments of these collections to recipients are made in accordance with applicable laws.

**WORK RELEASE PROGRAM FUND**

The Work Release Program Fund accounts for funds paid to the Sheriff's office for the Work Release Program. The funds are then disbursed to the inmates or the Inmate Trust Fund and the Sheriff's General Fund.

**TAX COLLECTION 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 Collection Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

**INMATE TRUST FUND**

The Inmate Trust Fund accounts for funds of inmates that are used for personal items purchased by the inmates at the concessions store located at the detention center. Remaining balances to the credit of a prisoner are refunded upon release or transfer to another prison.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Fiduciary Assets and Liabilities**  
**June 30 , 2020**

	<u>License Fund</u>	<u>Criminal Fund</u>	<u>Civil Fund</u>	<u>Work Release Program Fund</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 58,310	\$ 454,084	\$ 16,088	\$ 26,266
Deposits Due from Others	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>58,310</u></b>	<b><u>454,084</u></b>	<b><u>16,088</u></b>	<b><u>26,266</u></b>
<b><u>LIABILITIES</u></b>				
Internal Balances	-	-	52	2,046
Deposits Due Others	58,310	454,084	16,036	24,220
<b>TOTAL LIABILITIES</b>	<b><u>\$ 58,310</u></b>	<b><u>\$ 454,084</u></b>	<b><u>\$ 16,088</u></b>	<b><u>\$ 26,266</u></b>

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Fiduciary Assets and Liabilities (Continued)**  
**June 30, 2020**

Tax Collection Fund	Inmate Trust Fund	Total
\$ 723,870	\$ 114,690	\$ 1,393,308
1,733	-	1,733
725,603	114,690	1,395,041
-	48,227	50,325
725,603	66,463	1,344,716
\$ 725,603	\$ 114,690	\$ 1,395,041

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**FIDUCIARY FUND TYPES - AGENCY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**DUE TO TAXING BODIES AND OTHERS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	License Fund	Criminal Fund	Civil Fund	Work Release Program Fund
<b><u>BALANCES AT BEGINNING OF YEAR</u></b>	\$ 116	\$ 418,465	\$ 16,644	\$ 38,493
<b><u>ADDITIONS</u></b>				
Deposits:				
Licenses	243,856	-	-	-
Fines and Costs	-	433,207	-	-
Sheriff's Sales	-	-	478,375	-
Garnishments	-	-	53,931	-
Other Deposits	-	-	9,775	-
Taxes, Fees, Etc. paid to Tax Collector	-	-	-	-
Work Release Income	-	-	-	291,228
Interest Earned	39	2,272	28	53
Inmate Deposits	-	-	-	-
<b>TOTAL ADDITIONS</b>	<b>243,895</b>	<b>435,479</b>	<b>542,109</b>	<b>291,281</b>
<b>TOTAL AVAILABLE</b>	<b>244,011</b>	<b>853,944</b>	<b>558,753</b>	<b>329,774</b>
<b><u>REDUCTIONS</u></b>				
Taxes, Fees, Etc. Distributed	-	-	-	-
Deposits Settled To:				
Sheriff's General Fund	27,855	64,404	53,168	197,092
Police Jury	157,846	3,680	-	-
District Attorney	-	127,089	-	-
Clerk of Court	-	17,952	42,246	-
Indigent Defender Board	-	34,806	-	-
Attorneys, Appraisers, Etc.	-	58,805	444,071	-
Other Settlements	-	93,124	3,180	4,419
Withdrawals by/for Inmates	-	-	-	101,997
<b>TOTAL REDUCTIONS</b>	<b>185,701</b>	<b>399,860</b>	<b>542,665</b>	<b>303,508</b>
<b>BALANCE AT END OF YEAR</b>	<b>\$ 58,310</b>	<b>\$ 454,084</b>	<b>\$ 16,088</b>	<b>\$ 26,266</b>

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**FIDUCIARY FUND TYPES - AGENCY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CONTINUED**  
**DUE TO TAXING BODIES AND OTHERS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Tax Collection Fund	Inmate Trust Fund	Total
\$ 328,703	\$ 116,443	\$ 918,864
-	-	243,856
-	-	433,207
-	-	478,375
-	-	53,931
453,600	-	463,375
11,339,823	-	11,339,823
-	-	291,228
1,287	173	3,852
-	1,040,095	1,040,095
11,794,710	1,040,268	14,347,742
12,123,413	1,156,711	15,266,606
11,396,817	-	11,396,817
-	1,042,021	1,384,540
-	-	161,526
-	-	127,089
-	-	60,198
-	-	34,806
-	-	502,876
993	-	101,716
-	-	101,997
11,397,810	1,042,021	13,871,565
\$ 725,603	\$ 114,690	\$ 1,395,041

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

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff 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 establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within Franklin and surrounding parishes.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Franklin Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

**B. REPORTING ENTITY**

GASB Statement 14, *The Reporting Entity*, 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 Franklin Parish Sheriff is considered a primary government, since it is a special purpose government that has a separately elected official, is legally separate, and is fiscally independent of other state or local governments. As described 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. The Sheriff also has no component units, as other legally separate organizations for which the Sheriff is financially accountable. There are no other primary governments with which the Sheriff has a significant relationship.

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Sheriff includes all funds, account groups, and activities that are controlled by the Sheriff as an independently elected official. As such, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. This report only includes all funds which are controlled by or dependent upon the Franklin Parish Sheriff.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**C. BASIC FINANCIAL STATEMENTS - GOVERNMENT - WIDE STATEMENTS**

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Sheriff as a whole.

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary of Assets and Liabilities at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position is reported in three parts; net investment in capital assets, net of any related debt; restricted net position; and unrestricted net position.

**D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the Sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Fund financial statements report detailed information about the Sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into two categories; governmental and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public. Fiduciary funds are used to account for assets held for others. The Sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Sheriff are described as follows:

**Government Fund Types**

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Sheriff and is used to account for the operations of the Sheriff's office. The various fees and charges due to the Sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund. The general fund is the only fund classified as a major fund.

**Fiduciary Fund Type - Agency Funds**

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from the funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements**

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Fund Financial Statements**

Governmental funds are accounted for using a current financial resources measurement focus. 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 agency fund 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 Franklin Parish Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Those revenues susceptible to accrual include ad valorem taxes, state revenue sharing, interest revenue, commissions, and charges for services. Federal, state and local aid and grants are recorded when the Sheriff is entitled to the funds.

Other intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. All miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due.

**F. BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed as a management control. The Franklin Parish Sheriff prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the Sheriff. All Budget appropriations lapse at year end. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**G. SALES AND USE TAX**

The Franklin Parish Sheriff is authorized to collect a one percent sales and use tax within Franklin Parish. The proceeds of the tax, after payment of costs for collecting and administering the tax, are dedicated to constructing, maintaining and operating a jail facility and offices for the Franklin Parish Sheriff, including the payment of salaries for the operation of the jail facilities. The tax was approved for an indefinite time period; however, on March 10, 1993, the voters approved a referendum changing the indefinite expiration date to June 1, 2010. On July 21, 2007, the voters approved a one-half percent sales and use tax within Franklin Parish. The proceeds of the tax, after payment of costs for collection and administering the tax, are dedicated for general operations. This tax has been renewed for five years starting January 1, 2018 and expiring on December 31, 2022.

**H. ENCUMBRANCES**

Encumbrance accounting is not used in the Sheriff's operations.

**I. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the sheriff must 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 their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

**J. INVENTORY**

Inventory at June 30, 2020, consists of commissary items purchased during preceding months. Inventory items are valued at unit prices established by purchase prices paid for purchased items. Amounts are recorded as expenditures under the consumption method using the First-In, First-Out (FIFO) cost flow assumption.

**K. CAPITAL ASSETS**

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 \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Sheriff, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Depreciation</u>	<u>Estimated Lives</u>
Vehicles	5 Years
Furniture & Fixtures	10-20 Years
Buildings	40 Years

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**L. RISK MANAGEMENT**

The Sheriff's office is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Louisiana law provides that the Sheriff may join with other Sheriffs to form an interlocal risk management agency for the development and administration of an interlocal risk management program. The Franklin Parish Sheriff has joined together with other Sheriffs to form the Louisiana Sheriff's Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for Louisiana Sheriffs. The Sheriff pays an annual premium to the pool for its general and professional liability insurance coverage.

In addition to the above, the Sheriff has obtained commercial insurance for all the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**M. COMPENSATORY TIME**

Compensatory Time (K-time) represents a one and one-half credit for each hour of overtime worked. The maximum for law enforcement personnel (deputies, detectives and guards) is 480 K-time hours which represent not more than 320 hours of actual overtime worked. Employees may take K-time as compensated time-off. An employee shall upon termination be paid for the unused K-time at a rate of compensation not less than: a) the average regular rate received by such employee during the last three years of employment or b) the final regular rate, whichever is higher. All overtime work in excess of K-time limits must be paid in the period earned.

**N. BAD DEBTS**

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels all receivables at year end are collectable and no allowance for bad debts is necessary.

**O. ESTIMATES**

The preparation of the 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.

**P. BUDGET PRACTICES**

The proposed budget for the fiscal year ended June 30, 2020, was made available for public inspection on June 14, 2019. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal as required prior to the public hearing, which was held at the Franklin Parish Sheriff's office June 14, 2019 for comments from taxpayers.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**P. BUDGET PRACTICES - Continued**

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balances.

**Q. INVESTMENTS**

Under state law, the Sheriff may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The Sheriff reports United States Treasury bills and notes as investments.

**R. VACATION AND SICK LEAVE**

Employees earn two weeks of noncumulative vacation leave and one week of noncumulative sick leave each year. There are no accumulated or vested benefits relating to vacation and sick leave that require accrual or disclosure to conform with generally accepted accounting principles.

**S. EQUITY CLASSIFICATIONS - GOVERNMENT-WIDE STATEMENTS**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Sheriff reports three categories of net position, as follows:

- **Net Investment in capital assets** - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- **Restricted net position** - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Sheriff's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- **Unrestricted net position** - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Sheriff.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The Sheriff's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

**T. FUND EQUITY OF FUND FINANCIAL STATEMENTS**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**T. FUND EQUITY OF FUND FINANCIAL STATEMENTS – Continued**

Restricted - represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision-making authority.

Assigned - represents balances that are constrained by the Sheriff's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Sheriff's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Sheriff's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

**U. PENSION PLANS**

The Franklin Parish Sheriff's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

**V. OTHER POSTEMPLOYMENT BENEFITS**

The sheriff follows GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which requires the accrual of other postemployment benefits for retired employees. The sheriff has recorded a liability for other postemployment benefits (see Note 7). In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 2 - LEVIED TAXES**

Act 689 of the regular session of the Louisiana Legislature of 1976 provided initial financing authorization for the levy of an ad valorem tax millage for the law enforcement district. Voters of the district subsequently approved an increase in the ad valorem tax beyond initial authorization. The following is a summary of authorized and levied ad valorem taxes:

	<u>Expiration</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>
Law Enforcement District	Indefinite	9.23	9.23

**NOTE 3 - CASH AND CASH EQUIVALENTS**

For the purpose of these financial statements, the Sheriff considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

At June 30, 2020, the Sheriff has cash and cash equivalents (book balances) totaling \$17,712,453 as follows:

	<u>Statement of Net Position</u>	<u>Statement of Fiduciary Asset &amp; Liabilities</u>	<u>Total</u>
Petty Cash	\$ 1,800	\$ -	\$ 1,800
Demand Deposits	<u>16,317,345</u>	<u>1,393,308</u>	<u>17,710,653</u>
<b>TOTAL</b>	<b><u>\$ 16,319,145</u></b>	<b><u>\$ 1,393,308</u></b>	<b><u>\$ 17,712,453</u></b>

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 bank. 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. At June 30, 2020, the Sheriff has \$17,924,096 in deposits (collected bank balances). These deposits are secured from risk by \$1,058,493 of federal deposit insurance and \$15,932,919 was collateralized by securities by pledging banks in the Sheriff's name.

**NOTE 4 - RECEIVABLES**

The receivables at June 30, 2020, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Fees, Charges, and Commissions for Services	\$ 46,090	\$ -	\$ 46,090
Federal and State Grants	2,391,019	-	2,391,019
Feeding and Keeping of Prisoners	<u>523,113</u>	-	<u>523,113</u>
<b>TOTAL</b>	<b><u>\$2,960,222</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,960,222</u></b>

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2020 follows:

	Balance June 30, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>
<u>Capital Assets</u>				
Equipment	\$ 2,277,390	\$ 255,349	\$ (138,397)	\$2,394,342
Buildings	8,894,508	30,335	-	8,924,843
Land	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
	<u>\$11,261,898</u>	<u>\$ 285,684</u>	<u>\$ (138,397)</u>	<u>\$11,409,185</u>
<u>Accumulated Depreciation</u>				
Equipment	\$ (1,659,187)	\$ (255,072)	\$ 138,397	\$ (1,775,862)
Buildings	<u>(5,285,370)</u>	<u>(228,427)</u>	<u>-</u>	<u>(5,513,797)</u>
	<u>(6,944,557)</u>	<u>(483,499)</u>	<u>138,397</u>	<u>(7,289,659)</u>
Net Capital Assets	<u>\$ 4,317,341</u>	<u>\$(197,815)</u>	<u>\$ -</u>	<u>\$ 4,119,526</u>

**NOTE 6 - PENSION PLAN**

Substantially all employees of the Franklin Parish Sheriff's office are members of the Louisiana Sheriffs Pension and Relief Fund (the System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and deputies who are found to be physically fit, earn at least \$800 per month, and who were at least 18 years of age at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to percentage of their final-average salary for each year of credited service. Final - average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. 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. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 6 - PENSION PLAN - Continued**

Plan members are required by state statute to contribute 10.25 percent of their annual covered salary and the Franklin Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Franklin Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Franklin Parish Sheriff's contributions to the System for the years ended June 30, 2018, 2019, and 2020 were \$546,529, \$540,459, and \$570,513, respectively, equal to the required contributions for each year.

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

At June 30, 2020, the Sheriff reported a liability of \$2,986,520 for its proportionate share of the net pension liability of the system. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Sheriff's proportion was .631369% which was a decrease of .008577% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Sheriff recognized pension expense of \$293,129 representing its proportionate share of the system's net expense, including amortization of deferred amounts.

At June 30, 2020, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (572,157)
Changes of assumptions	912,722	-
Net difference between projected and actual earnings on pension plan investments	107,471	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions -	192,096	4,000
Employer contributions subsequent to the measurement date	<u>570,513</u>	<u>-</u>
Total	<u>\$1,782,802</u>	<u>\$(568,157)</u>

The Sheriff reported a total of \$570,513 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended June 30, 2020.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 6 - PENSION PLAN – Continued**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2020	\$ 227,366
2021	(46,476)
2022	179,465
2023	218,995
2024	<u>63,101</u>
	<u>\$ 642,451</u>

**Actuarial Assumptions**

A Summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.10%, net of investment expense
Discount Rate	7.10%
Projected Salary Increases	5.5% (2.5% inflation, 3.0% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries.
Expected Remaining Service Lives	2019 – 6 years 2018 - 6 years 2017 - 7 years 2016 - 7 years 2015 - 6 years 2014 – 6 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments 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.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 6 - PENSION PLAN – Continued**

**Actuarial Assumptions – Continued**

Changes in Valuation Methods and Assumptions                      The discount rate was lowered from 7.25% to 7.1% for the year ended June 30, 2019.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Real Return Target Allocation</u>	<u>Long-Term Expected Arithmetic Basis</u>	<u>Real Rate of Return</u>
Equity Securities	62%	7.1%	4.40%
Bonds	23%	3.0%	0.70%
Alternative Investments	<u>15%</u>	4.6%	<u>0.60%</u>
Total	<u>100%</u>		5.70%
Inflation			<u>2.40%</u>
Expected Arithmetic Nominal Return			<u>8.10%</u>

**Mortality Rate**

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.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.1%. 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 pension plan’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.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 6 - PENSION PLAN – Continued**

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the Sheriff’s proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Sheriff’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSPRF			
Rates	6.10%	7.10%	8.10%
FPSO Share of NPL	\$6,245,270	\$2,986,520	\$243,985

**Change in Net Pension Liability**

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the pension liability, changes of assumptions about future economic or demographic factors, and changes in the employer’s proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

**NOTE 7 – DEFERRED COMPENSATION PLAN**

The Sheriff offers its employees participation in the Louisiana Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission, and established in accordance with the Internal Revenue Code Section 457. Employees are eligible to participate in the Plan. The Plan allows employees to defer a portion of their salary until future years. The Sheriff makes matching contributions of employee’s elective deferral. Contributions made by the Sheriff for the year ended June 30, 2020 were \$82,057.

**NOTE 8 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance			Balance	Amounts
	June 30,	<u>Additional</u>	<u>Reductions</u>	June 30,	Due
	<u>2019</u>			<u>2020</u>	<u>Within</u>
					<u>Year</u>
Compensated Absences	231,536	-	(47,511)	184,025	-

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 9 - ON - BEHALF PAYMENTS**

The Sheriff’s office is located in the parish courthouse annex. Expenditures for operation and maintenance of the courthouse annex, as required by Louisiana Revised Statute 33:4715, are paid by the Franklin Parish Police Jury, except for the jail as set forth in the intergovernmental agreement discussed in Note 14.

**NOTE 10 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

**General Information about the OPEB Plan**

*Plan description* – The Franklin Parish Sheriff’s Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Franklin Parish Sheriff’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

*Benefits Provided* – Medical insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: at least 24 years of full-time service with the Sheriff’s Office; attainment of 30 years of service at any age, or age 55 and 12 years of service if earlier; or, for employees hired after January 1st, 2012, the earliest of age 55 and 30 years of service, age 60 and 20 years of service, and age 62 with 12 years of service; and benefits are first earned following 24 years of service. Life insurance is not considered in this valuation.

*Employees covered by benefit terms* – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	97
	110

**Total OPEB Liability**

The Sheriff’s total OPEB liability of \$5,707,995 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.50%
Discount rate	2.21%
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 10 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued**

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

**Changes in the Total OPEB Liability**

Balance at June 30, 2019	\$ 3,561,784
Changes for the year:	
Service cost	47,882
Interest	125,500
Differences between expected and actual experience	423,088
Changes in assumptions	1,635,753
Benefit payments and net transfers	(86,012)
Net changes	2,146,211
Balance at June 30, 2020	\$ 5,707,995

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<b>1.0% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1.0% Increase (3.21%)</b>
Total OPEB liability	\$ 6,894,669	\$ 5,707,995	\$ 4,791,002

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 4,797,998	\$ 5,707,995	\$ 6,865,477

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 10 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Sheriff recognized OPEB expense of \$454,095. At June 30, 2020, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 708,000	\$ -
Changes in assumption	1,490,569	
Total	\$ 2,198,569	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2021	280,713
2022	280,713
2023	280,713
2024	280,713
2025	280,713
Thereafter	795,004

**NOTE 11 - STEWARDSHIP AND ACCOUNTABILITY**

The General Fund had actual revenues which were less than budgeted revenues for the year ended June 30, 2020:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
State Revenues	\$ 25,000	\$ 13,747	\$ (11,253)
Local Revenues	110,000	65,913	(44,087)
Commissions	569,553	526,457	(43,096)
Other Revenues	206,000	172,345	(33,655)
Operating Services	3,559,204	3,731,143	(171,939)
Capital Outlay	161,420	285,684	(124,264)

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 12 - TAXES PAID UNDER PROTEST**

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the tax collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the tax collector refunds the amount due, with interest at the rate of 2 percent per annum from the date the funds were received by the tax collector. The following is a summary of changes in the taxes paid under protest as recorded in the Tax Collector Agency Fund:

Balance, June 30, 2019	\$ 328,703
Additions:	
Taxes	11,793,443
Interest	1,287
Settlements to Taxing Bodies and Others	<u>(11,397,810)</u>
Balance, June 30, 2020	<u>\$ 725,603</u>

**NOTE 13 – INTERGOVERNMENTAL AGREEMENT**

As provided by Louisiana Revised Statute 33:1324, the Franklin Parish Sheriff has entered into an intergovernmental agreement with the Franklin Parish Police Jury to assume all liabilities and responsibilities of the jail operations within Franklin Parish effective May 1, 1989, and perpetually thereafter, so long as the Franklin Parish Law Enforcement District sales tax remains in force and in effect. The liabilities assumed by the Sheriff include utilities, maintenance and upkeep, feeding and keeping of prisoners, salaries and cost of jail operations, and construction of a new jail. The intergovernmental agreement also states that the parish of Franklin relinquishes, transfers, and assigns to the Franklin Parish Sheriff and the Law Enforcement District of Franklin Parish all jurisdiction, responsibility, and control over the present and any future jail within Franklin Parish.

**NOTE 14 - LITIGATION AND CLAIMS**

At June 30, 2020, the sheriff has no pending or threatened litigation which would adversely affect the financial status of the Franklin Parish Sheriff's office.

**NOTE 15 - RELATED PARTY TRANSACTIONS**

There were no related party transactions that came to our attention.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 16 - EX-OFFICIO TAX COLLECTOR**

The amount of cash on hand at June 30, 2020 was \$723,870. The unsettled balances of the Tax Collector Fund at June 30, 2020 consist of:

Collection of current and prior year taxes not yet settled	\$ 71,175
Protested Taxes	<u>652,695</u>
	<u>\$ 723,870</u>

The amount of taxes collected for the current year by taxing authority was as follows:

<u>Taxing Authority</u>	<u>Taxes Collected</u>
Franklin Parish Police Jury	\$ 3,559,449
Franklin Parish Sheriff	1,060,198
Franklin Parish School Board	2,556,246
Franklin Parish Tax Assessor	761,814
La Agriculture & Forestry Commission	5,680
Louisiana Tax Commission	12,705
Tensas Basin Levee District	225,335
Franklin Parish Fire District I	104,802
Franklin Parish Fire District II	205,791
Franklin Parish Fire District III	55,668
Franklin Parish Fire District IV	94,808
Franklin Parish Fire District V	149,611
Franklin Parish Library	807,305
Franklin Parish Council on Aging	207,346
Franklin Parish Clerk of Court Retirement	29,678
Franklin Parish District Attorney Retirement	23,742
Municipal Employees	29,678
Parochial Employees	29,678
Franklin Parish Registrar of Voters	7,421
Franklin Medical Center	1,302,180
Assessor's Retirement Fund	37,590
Sheriff's Pension and Relief Fund	59,356
Teacher's Retirement Fund	118,711
	<u>\$ 11,444,792</u>

There were no taxes uncollected due to bankruptcies. The amount of collection on behalf of other taxing authorities is as follows:

<u>Taxing Authority</u>	<u>Franklin Parish Police Jury</u>	<u>Commission paid to Franklin Parish Sheriff</u>	<u>Final Distribution</u>
Occupational License	<u>\$ 157,846</u>	<u>\$ 27,855</u>	<u>\$ 185,701</u>

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 16 - EX-OFFICIO TAX COLLECTOR - Continued**

The Franklin Parish Sheriff's Office does not collect sales tax, hotel/motel tax, tax incremental finance district, public utility insurance premiums or any other taxes other than ad valorem tax and occupational licenses for tax authorities.

**NOTE 17 – COVID-19 PANDEMIC**

The ongoing COVID-19 outbreak in the United States and Louisiana has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around whether these happenings will precipitate a wider economic recession. As a result, the related financial impact on the Sheriff's operations and the duration cannot be estimated at this time.

**NOTE 18 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date the financial statements were available to be issued, April 26, 2021, and determined that two events occurred that require disclosure. Management applied, and was awarded additional grant funding from the CARES act in the amount of \$1,423,178 that was received in November 2020. Also, management intends to participate in the creation of a retired employees' insurance fund (REIF) during the next legislative session. Based on other Sheriffs' REIFs, this could mean 1% of the general fund receipts would be deposited into the fund to be used to fund insurance premium costs for retired employees and any other related costs lawfully allowed.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget to Actual  
General Fund  
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over(Under)
	Original	Final		
<b><u>Operating Revenue</u></b>				
Ad Valorem Taxes	1,000,000	952,000	\$ 973,349	\$ 21,349
Sales Taxes	1,100,000	1,360,000	1,359,895	(105)
<b>Intergovernmental Revenue</b>				
Federal	145,000	210,000	2,616,081	2,406,081
State	20,000	25,000	13,747	(11,253)
Local	22,500	110,000	65,913	(44,087)
State Revenue Sharing	70,000	71,000	71,066	66
<b>Fees, Charges, &amp; Services</b>				
Commissions	480,000	569,553	526,457	(43,096)
Civil and Criminal Fees	187,500	204,500	209,646	5,146
Housing Prisoners	7,667,916	8,151,500	8,463,968	312,468
State Supplemental Pay	440,000	445,000	442,749	(2,251)
Use of Money - Interest Earning	75,000	301,000	299,092	(1,908)
Other	179,400	206,000	172,345	(33,655)
Total Operating Revenues	<u>\$11,387,316</u>	<u>\$12,605,553</u>	<u>\$15,214,308</u>	<u>\$2,608,755</u>
<b><u>Operating Expenditures</u></b>				
<b>General Government</b>				
Personnel Services	7,314,349	7,350,661	7,171,542	179,119
Operating Services	3,913,510	3,559,204	3,731,143	(171,939)
Materials and Supplies	140,100	359,350	308,978	50,372
Travel and Other Charges	18,500	23,800	20,483	3,317
Capital Outlay	-	161,420	285,684	(124,264)
Total Expenditures	<u>11,386,459</u>	<u>11,454,435</u>	<u>11,517,830</u>	<u>(63,395)</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>				
	\$857	\$1,151,118	\$3,696,478	\$2,672,150
<b><u>Fund Balance - Beginning of the Year</u></b>				
	15,351,631	15,351,631	15,351,631	-
<b><u>FUND BALANCE - END OF THE YEAR</u></b>				
	<u>\$ 15,352,488</u>	<u>\$ 16,502,749</u>	<u>\$ 19,048,109</u>	<u>\$ 2,672,150</u>

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

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2020

A. BUDGETS

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Franklin Parish Sheriff's office during the month of June to allow comments from taxpayers. The budget is then legally adopted by the Sheriff and amended during the year, as necessary. The budget is established and controlled by the Sheriff at the object level of expenditure. Appropriations lapse at year end and must be reappropriated for the following year to be expended.

B. UNFAVORABLE BUDGET VARIANCES

Actual expenditures greater than budgeted expenditures:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
State Revenues	\$ 25,000	\$ 13,747	\$ (11,253)
Local Revenues	110,000	65,913	(44,087)
Commissions	569,553	526,457	(43,096)
Other Revenues	206,000	172,345	(33,655)
Operating Services	3,559,204	3,731,143	(171,939)
Capital Outlay	161,420	285,684	(124,264)

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2018	2019	2020
<b>Total OPEB Liability</b>			
Service cost	\$ 60,309	\$ 44,992	\$ 47,882
Interest	108,766	113,755	125,500
Changes of benefit terms	-	-	-
Differences between expected and actual experience	83,587	298,131	423,088
Changes of assumptions	-	66,260	1,635,753
Benefit payments	(77,024)	(81,260)	(86,012)
<b>Net change in total OPEB liability</b>	<u>175,638</u>	<u>441,878</u>	<u>2,146,211</u>
<b>Total OPEB liability - beginning</b>	<u>2,944,268</u>	<u>3,119,906</u>	<u>3,561,784</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 3,119,906</u>	<u>\$ 3,561,784</u>	<u>\$ 5,707,995</u>
Covered-employee payroll	\$ 3,764,743	\$ 3,877,685	\$ 4,111,457
Net OPEB liability as a percentage of covered-employee payroll	82.87%	91.85%	138.83%
<b>Notes to Schedule:</b>			
<i>Benefit Changes:</i>	None	None	None
<i>Changes of Assumptions:</i>			
<i>Discount Rate:</i>	3.62%	3.50%	2.21%
<i>Mortality:</i>	RP-2000	RP-2000	RP-2014
<i>Trend:</i>	5.5%	5.5%	Variable

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF FRANKLIN PARISH SHERIFF'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Fiscal Year	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency	Agency's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 531,592	\$ 531,592	\$ -	\$ 3,731,059	14.25%
2016	\$ 531,940	\$ 531,940	\$ -	\$ 3,868,737	13.75%
2017	\$ 533,853	\$ 533,853	\$ -	\$ 4,029,123	13.25%
2018	\$ 546,629	\$ 546,629	\$ -	\$ 4,286,378	12.75%
2019	\$ 540,459	\$ 540,459	\$ -	\$ 4,411,703	12.25%
2020	\$ 570,513	\$ 570,513	\$ -	\$ 4,657,415	12.25%

Amounts presented were determined as of the end of the fiscal year.

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

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF SHERIFF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Fiscal Year</u>	<u>Agency's proportion of the net pension liability (asset)</u>	<u>Agency's proportionate share of the net pension liability (asset)</u>	<u>Agency's covered payroll</u>	<u>Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	56.0699%	\$ 2,220,371	\$ 3,731,059	59.5105%	87.3447%
2016	56.5756%	\$ 2,521,867	\$ 3,868,737	65.1858%	86.6065%
2017	56.5824%	\$ 3,591,225	\$ 4,029,123	89.1317%	82.0969%
2018	58.1696%	\$ 2,518,903	\$ 4,286,378	58.7653%	88.4876%
2019	62.2792%	\$ 2,388,188	\$ 4,411,703	54.1330%	90.4106%
2020	63.1369%	\$ 2,986,520	\$ 4,657,415	64.1240%	88.9085%

Amounts presented were determined as of the measurement date (previous fiscal year end).  
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION



**KEVIN W. COBB**

**FRANKLIN PARISH**

**SHERIFF AND EX-OFFICIO TAX COLLECTOR**

6556 MAIN STREET . WINNSBORO, LOUISIANA 71295 . TELEPHONE (318) 435-4505 . FACSIMILE (318) 435-5810

STATE OF LOUISIANA, PARISH OF FRANKLIN

**AFFADAVIT**

KEVIN W. COBB, Sheriff of Franklin Parish

**BEFORE ME**, the undersigned authority, personally came and appeared Kevin W. Cobb, the sheriff of Franklin Parish, State of Louisiana, who after being duly sworn, deposed and said:

**The following information is true and correct:**

**\$723,870 is the amount of cash on hand in the tax collector account on June 30, 2020:**

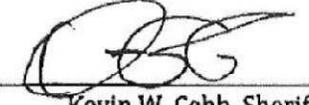
Collected of current and prior year taxes not yet settled: \$71,175.00

Protested taxes held: \$652,695.00

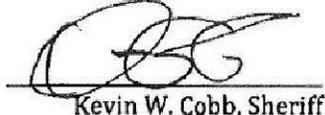
He further deposed and said:

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

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

  
Kevin W. Cobb, Sheriff  
Sheriff of FRANKLIN  
(Parish)

**SWORN** to and subscribed before me, Notary, this 17th day of December, 2020, in my office in Winnsboro, Louisiana.

  
Kevin W. Cobb, Sheriff  
  
David Wm. Rigdon, Bar Roll No. 32228  
Commission Expires on Death

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**JUNE 30, 2020**

Agency Head: Kevin Cobb, Sheriff

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 165,869
Benefits - Insurance	19,888
Travel, Registrations and Related Expenses	<u>1,087</u>
Total	<u>\$ 186,844</u>

OTHER SUPPLEMENTAL INFORMATION –  
COMPLIANCE REQUIREMENTS

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 Kevin Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Franklin Parish Sheriff, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sheriff’s basic financial statements, and have issued my report thereon dated April 26, 2021.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Sheriff’s internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Kevin Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

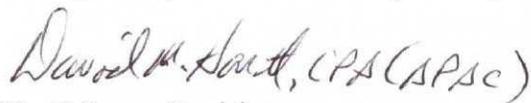
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Franklin Parish Sheriff's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2020-1.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



West Monroe, Louisiana  
April 26, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Kevin Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited the Franklin Parish Sheriff's (Sheriff) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2020. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Sheriff's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Sheriff's compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, the Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



West Monroe, Louisiana  
April 26, 2021

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

Grantor	CFDA #	Amount Spent
FEMA:		
SHSP 2019 EMW-2019-SS-00014-S01	97.067	\$ 13,813.17
SHSP 2019 EMW-2019-SS-00014-S01	97.067	18,250.00
SHSP 2018 EMW-2018-SS-00016-S01	97.067	6,331.83
SHSP 2018 EMW-2018-SS-00016-S01	97.067	9,541.00
SHSP 2017 EMW-2017-SS-00058-S01	97.067	1,363.15
SHSP 2016 EMW-2016-SS-00018-S01	97.067	9,363.00
Total		58,662.15
EMPG 2019 EMT-2019-EP-00006-S01	97.042	26,520.09
Department of the US Treasury		
Coronavirus Aid, Relief and Economic Security Act (CARES Act)		
Covid 19 Funding 2-A	21.019	1,857,860.71
Covid 19 Funding 2-B	21.019	476,393.06
Total		2,334,253.77 *
United States Department of Justice		
Bureau of Justice Assistance (Office of Justice Programs)		
Street Sales Disruption (Grant ID 4899)	16.738	10,758.00
Street Sales Disruption (Grant ID 4623)	16.738	18,274.00
Total		29,032.00
United States Department of Justice		
Victims of Criminal Acts (Grant ID 4489)	16.575	95,978.00
Victims of Criminal Acts (Grant ID 5071)	16.575	14,868.00
		110,846.00
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 2,559,314.01</b>

\*Denotes Major Federal Program.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Franklin Parish Sheriff for the year ended June 30, 2020. The Sheriff's reporting entity is defined in Note 1 to the Sheriff's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Sheriff, it is not intended to and does not present the financial position or change in net position of the Sheriff.

**NOTE 2 - BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Sheriff's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE 4 - MATCHING REVENUES** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**NOTE 5 -DE MINIMIS INDIRECT COST RATE** The Sheriff has elected not to use the 10- percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Part I-Summary of Auditor's Results**

**Financial Statement Audit**

- i. The type of audit report was unmodified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.
- iii. There were no instances of noncompliance, as defined by the Government Auditing Standards, to the financial statements.

**Audit of Federal Awards**

- iv. There were no significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200).
- v. The type of report the auditor issued on compliance for the major program was unmodified.
- vi. The audit disclosed no findings which the auditor is required to report under the Uniform Guidance.
- vii. The major federal program was:  
Coronavirus Aid, Relief and Economic Security Act (CARES) CFDA #21.019
- viii. The dollar threshold used to identify between Type A and Type B programs as described in the Uniform Guidance was \$750,000.
- ix. The auditee does not qualify as a low-risk auditee under the Uniform Guidance.

**Part II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America**

Section I - Internal Control and Compliance Material to the Financial Statements

**2020-1** Under Collateralized Deposit

**Condition:** At year end, the funds deposited at Farm Bureau Bank were not fully collateralized.

**Cause:** Management changed the asset holdings at Farm Bureau Bank to maximize the rate of return while considering the upcoming cash needs of operations. Because the holdings in the account changed, the new account type necessitated a pledge of collateral securities.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Internal Control and Compliance Material to the Financial Statements - Continued

**2020-1**      **Under Collateralized Deposit – Continued**

**Criteria:** The amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States. LA R.S. 39:1225.

**Effect of Condition:** Deposits were under collateralized at year end.

**Recommendation:** Management should review the pledged collateral reports against the bank balance each month to ensure adequate coverage is held at each institution.

**Management’s Response:** Management understands the requirement for all deposits to be fully insured and collateralized. Due to the unusual circumstances during fiscal year 2020 related to the COVID pandemic, and the resulting constraints on management’s time, the additional pledged collateral on the Farm Bureau Bank holdings did not happen prior to year-end. The asset holdings changed between March 2020 and April 2020, when the pandemic related use of time and resources was at its peak. The funds are now collateralized, and management will periodically review the pledge reports for adequate coverage.

**Part III – Management Letter**

No management letter was issued.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II - Financial Statement Findings

19-1 Bank Deposits Undercollateralized

Condition:

At June 30, 2019, one of the financial institutions that the Sheriff keeps funds on deposit, let the amount of pledged securities lapse that were insuring the deposits on hand above the FDIC limit of \$250,000. The bank recognized this lapse subsequent to year end and pledged the proper amount of securities to cover the funds.

Criteria:

Louisiana Revised Statute 39:1225 requires each government to insure its cash balances from loss against custodial credit risk. A certain amount of a government's cash is insured from custodial credit risk through FDIC insurance. Often, however, a government's cash balances exceed the amount covered by FDIC insurance. When that occurs, state law requires that the government have an agreement with the bank for the bank to ensure these excess balances from loss by pledging securities as collateral equal to or exceeding the amount of the excess balances. The bank may hold these securities themselves or give them to a third party to hold for them. If the bank fails, state law requires the financial institution holding these securities to advertise and sell the pledged securities within ten days of being notified by the government that the bank has failed to pay deposited funds upon request.

Effect:

Cash deposits are exposed to custodial credit risk when adequate collateral is not held as security.

Recommendation:

I recommend that the Sheriff check their pledged security statement every month so that any shortfall in pledged securities can be adjusted immediately. This is most important during certain months when large tax deposits are made.

Response:

The Sheriff has already discussed this issue with our bank and we are assured that they will do their best to not let this happen again in the future.

Section III - Management Letter

No management letter was issued.