
**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Honorable Stuart Wright, Sheriff
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office (the 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Natchitoches Parish Sheriff's Office, 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, the Schedule of Changes in Other Post-Employment Benefit Obligation and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of the Employer's Contributions, and the Notes to the Required Supplementary Information on pages 3 to 8, 37, 38, 39, 40, and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Sheriff's Sworn Statement, the Schedule of Compensation, Benefits and Other Payments to the Natchitoches Parish Sheriff and the Schedule of Ad Valorem Taxes Assessed and Uncollected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Sheriff's Sworn Statement, the Schedule of Compensation, Benefits, and Other Payments to the Natchitoches Parish Sheriff, and the Schedule of Ad Valorem Taxes Assessed and Uncollected are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2020, on our consideration of the Natchitoches Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.



Baton Rouge, Louisiana
December 17, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

This section of the Natchitoches Parish Sheriff's Office (the Sheriff) annual financial report presents our discussion and analysis of the Sheriff's financial performance during the fiscal year that ended on June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year information (where available).

FINANCIAL HIGHLIGHTS

- The Sheriff's total net position decreased approximately \$1,050,000 or 54.9% over the course of this year's operations.
- Expenses for the year were approximately \$17.3 million, an increase of approximately \$872,000 or 5.3% as compared to the prior year.
- Revenues for the year were approximately \$16.3 million, an increase of approximately \$144,000 or 0.9% as compared to the prior year.
- During the year, the General Fund decreased its fund balance by approximately \$293,000 or 4.2%. The General Fund ended the year with a \$6.7 million fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the financial statements, required supplementary information, and other supplemental information. The financial statements include two kinds of statements that present different views of the Sheriff:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Sheriff's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Sheriff's government, reporting the Sheriff's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Sheriff acts solely as an agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Sheriff as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities and deferred inflows and deferred outflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Sheriff's net position and how they have changed. Net position—the difference between the Sheriff's assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the Sheriff's financial health, or position.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements (continued)

- Over time, increases or decreases in the Sheriff's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Sheriff, nonfinancial factors need to be considered, such as changes in the Sheriff's property tax base and growth of Natchitoches Parish.

The government-wide financial statements of the Sheriff include:

- Governmental activities—most of the Sheriff's basic services are included here, such as police, tax collection, general administration, and civil duties. Ad valorem taxes, state and federal grants, and fees, charges, and commissions for services finance most of these activities. The operations of the Detention Center are included here, and the Sheriff charges fees to cover all or the majority of the cost of certain services provided. The Sheriff charges Natchitoches Parish and other governments to house prisoners.

Fund Financial Statements

The fund financial statements provide more detailed information about the Sheriff's most significant funds—not the Sheriff as a whole. Funds are accounting devices that the Sheriff uses to keep track of specific sources of funding and spending for particular purposes.

The Sheriff has two kinds of funds:

- Governmental funds—Most of the Sheriff's basic services are included in the governmental fund, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Sheriff's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The Sheriff has one governmental fund – the General Fund.
- Fiduciary funds—Funds which are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, and litigants in suits, in the manner prescribed by law. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. We exclude these activities from the Sheriff's government-wide financial statements because the Sheriff cannot use these assets to finance its operations.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

Net Position. The Sheriff's net position is comprised of the following assets plus deferred outflows less liabilities plus deferred inflows.

Statement of Net Position
As of Year-End

	Governmental Activities	
	2020	2019
Current and other assets	\$ 8,031,640	\$ 8,246,528
Capital assets, net	2,867,643	3,432,108
Total assets	<u>10,899,283</u>	<u>11,678,636</u>
Deferred outflows of resources	<u>7,839,468</u>	<u>3,645,594</u>
Other liabilities	1,287,070	1,209,213
Long-term debt	1,401,027	1,770,824
Compensated absences	55,728	44,614
Other post-employment benefits payable	12,364,079	8,005,041
Net pension liability	<u>5,055,371</u>	<u>4,302,775</u>
Total liabilities	<u>20,163,275</u>	<u>15,332,467</u>
Deferred inflows of resources	<u>1,537,699</u>	<u>1,903,882</u>
Net Position		
Net investments in capital assets	1,466,616	1,661,284
Restricted for inmate trust accounts	31,618	18,416
Unrestricted	<u>(4,460,457)</u>	<u>(3,591,819)</u>
Total net position	<u>\$ (2,962,223)</u>	<u>\$ (1,912,119)</u>

The total net position of the Sheriff decreased by approximately \$1,050,000 or 54.9%. Other post-employment benefits payable and net pension liability as well as deferred outflows of resources and deferred inflows of resources fluctuated as a result of changes in actuarial assumptions in the current year.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (continued)

Changes in net position. Governmental activities change in net position decreased approximately \$728,000 in the current year.

Statement of Activities
For the Year Ended

	Governmental Activities	
	2020	2019
General revenues	\$ 10,037,443	\$ 10,027,558
Program revenues		
Fees, charges and commissions for services	4,295,339	4,472,726
Operating grants and contributions	1,960,053	1,648,725
Total	<u>16,292,835</u>	<u>16,149,009</u>
General government Expenses	<u>(17,342,939)</u>	<u>(16,470,869)</u>
Change in net position	<u>\$ (1,050,104)</u>	<u>\$ (321,860)</u>

The Sheriff's total revenues increased by approximately \$144,000 or 0.9%. This is primarily due to the Sheriff receiving CARES Act funds (COVID-19 pandemic relief) as well as higher property tax collections in the current year offset by the reduction of ICE related revenue due to nonrenewal of contract and impairment losses on assets. The total cost of all programs and services increased by approximately \$872,000 or 5.3%, which is primarily due to changes in actuarial assumptions associated with net pension and OPEB liabilities.

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Governmental fund, general fund, reported ending fund balances of approximately \$6.7 million and \$7.0 million at June 30, 2020 and 2019, respectively. The fund balance as of June 30, 2020 represents approximately 40.3% of annual expenditures. This level of fund balance is necessary to allow the Sheriff to sustain operations during periods of decreased revenues without having to obtain significant short or long-term borrowings to fund operations. The Sheriff's management team is monitoring the fund balance level to ensure it is maintained at an adequate level.

The general fund revenues increased approximately \$426,000 or 2.7% in comparison to prior year. The increase is primarily due to increases in intergovernmental revenues related to CARES Act funding as well as Detention Center charges for services related to prisoner fee increases. These increases were offset by a decrease in charges for services whereby the ICE contract was not renewed during the fiscal year. General fund expenditures increased approximately \$221,000 or 1.3% in comparison to prior year. The increase is primarily related to increases in personnel services and benefits and operating services.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the Sheriff had invested in capital assets \$2,867,643, net of depreciation, in governmental activities (see table below). Capital assets decreased due to acquisitions of \$440,000 reduced by deletions of \$122,000, loss on impairment of asset of \$345,000 and depreciation of \$660,000.

Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 150,889	\$ 150,889
Buildings and improvements	1,612,729	1,799,926
Automobiles	803,419	741,956
Equipment, furniture and fixtures	300,606	394,640
Software development in progress	-	344,697
Total	\$ 2,867,643	\$ 3,432,108

Long-Term Liabilities

The Sheriff's long-term liabilities consist of its revenue bonds, capital lease obligations, compensated absences, other post-employment benefit obligation, and net pension liability. Debt associated with the revenue bonds was \$950,000 at year-end compared to \$1,240,000 in prior year, a decrease of \$290,000 which are the regularly scheduled principal payments. Debt associated with capital leases was \$451,027 at year-end compared to \$530,824 in prior year, a decrease of \$79,797 due to \$173,405 of regularly scheduled principal payments offset by new capital leases of \$93,608. Compensated absences totaled approximately \$56,000 as of year-end. The Sheriff had \$12,364,079 in other post-employment benefit obligations at year-end compared to \$8,005,041 in prior year, an increase of \$4,359,038 or 54.5%. This was primarily due to a decrease in discount rate used by the actuary to calculate the OPEB liability. The Sheriff had \$5,055,371 in net pension liabilities at year-end compared to \$4,302,775 in prior year, an increase of approximately \$753,000 or 17.5%. This was primarily due to an increase in pension liability at the pension system level.

Long-Term Liabilities at Year-End

	Governmental Activities	
	2020	2019
Revenue bonds payable	\$ 950,000	\$ 1,240,000
Capital lease obligations	451,027	530,824
Compensated absences	55,728	44,614
Other post-employment benefit obligations	12,364,079	8,005,041
Net pension liability	5,055,371	4,302,775
Total	\$ 18,876,205	\$ 14,123,254

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues and other financing sources were approximately \$885,000 more than budgeted amounts primarily due to higher than expected intergovernmental revenue due to CARES Act funds received following the COVID-19 pandemic in the current year.

Actual expenditures and other financing uses were approximately \$510,000 more than budgeted amounts predominately due to higher than expected personnel services and related benefits.

The budget was amended in anticipation of the Sheriff's Office experiencing higher property tax collections. The budget was amended through an approximate \$754,000 increase in revenues and other financing sources and an approximate \$368,000 increase in expenditures and other financing uses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Sheriff is dependent on tax revenue which makes up approximately 60.3% of total revenues. The economy is not expected to generate any significant growth and these tax revenues are not expected to significantly increase. Budgeted expenditures for 2021 are expected to be consistent with 2020.

CONTACTING THE SHERIFF'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Sheriff's finances and to show the Sheriff's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stuart Wright, Sheriff, P.O. Box 266, Natchitoches, Louisiana 71458.

BASIC FINANCIAL STATEMENTS

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 5,496,246
Investments	1,218,160
Receivables	952,636
Prepaid expenses	35,045
Total current assets	<u>7,702,087</u>
NONCURRENT ASSETS	
Restricted cash	329,553
Capital assets not being depreciated:	
Land	150,889
Capital assets, net of depreciation	<u>2,716,754</u>
Total assets	<u>10,899,283</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to other post-employment benefit obligation	4,968,996
Deferred outflow amounts related to pension liability	<u>2,870,472</u>
Total deferred outflows of resources	<u>7,839,468</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable and accruals	1,287,070
Current portion of long-term debt (bonds and capital leases)	649,555
Current portion of other post-employment benefit obligation	<u>362,832</u>
Total current liabilities	<u>2,299,457</u>
NONCURRENT LIABILITIES	
Compensated absences	55,728
Long term debt (bonds and capital leases), net of current portion	751,472
Other post-employment benefit obligation, net of current portion	12,001,247
Net pension liability	<u>5,055,371</u>
Total liabilities	<u>20,163,275</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to other post-employment benefit obligation	265,672
Deferred inflow amounts related to pension liability	<u>1,272,027</u>
Total deferred inflows of resources	<u>1,537,699</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,466,616
Restricted for:	
Inmate trust accounts	31,618
Unrestricted (deficit)	<u>(4,460,457)</u>
Total net position (deficit)	<u>\$ (2,962,223)</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHTOCHES, LOUISIANA**

**STATEMENT OF ACTIVITIES
JUNE 30, 2020**

		Program Revenues		
Governmental Activities	Expenses	Operating Charges for Services	Grants and Contributions	Governmental Activities
Public Safety	\$ 17,342,939	\$ 4,295,339	\$ 1,960,053	\$ (11,087,547)

General revenues:

Taxes	9,817,939
Interest and investment	110,567
Grants and contributions not restricted	452,722
Loss on impairment of assets	(504,697)
Miscellaneous	160,912
Total general revenues	10,037,443
Change in net position	(1,050,104)
Net position, beginning of year	(1,912,119)
Net position, end of year	\$ (2,962,223)

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,496,246
Cash - restricted	329,553
Investments	1,218,160
Accounts receivable	952,636
Prepaid expenses	35,045
TOTAL ASSETS	<u>\$ 8,031,640</u>
<u>LIABILITIES</u>	
Accounts payable and accruals	\$ 1,287,070
TOTAL LIABILITIES	<u>1,287,070</u>
<u>FUND BALANCE</u>	
Nonspendable	35,045
Restricted for:	
Inmate trust accounts	31,618
Unassigned	6,677,907
TOTAL FUND BALANCE	<u>6,744,570</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,031,640</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balance - Governmental Fund		\$ 6,744,570
Cost of capital assets at June 30, 2020	13,643,321	
Less: accumulated depreciation as of June 30, 2020	<u>(10,775,678)</u>	2,867,643
Long-term liabilities at June 30, 2020		
Revenue bonds payable	(950,000)	
Capital lease payable - automobiles	(150,532)	
Capital lease payable - servers	(33,430)	
Capital lease payable - software	(267,065)	
Accrued wages for compensatory time	<u>(55,728)</u>	(1,456,755)
Other post-employment benefit (OPEB) obligation and deferrals recorded in accordance with GASB 75		
Deferred outflow of resources - related to OPEB	4,968,996	
Net post-employment benefit obligation	(12,364,079)	
Deferred inflow of resources - related to OPEB	<u>(265,672)</u>	(7,660,755)
Net pension liability and deferrals recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	2,870,472	
Net pension liability	(5,055,371)	
Deferred inflow of resources - related to net pension liability	<u>(1,272,027)</u>	<u>(3,456,926)</u>
Total net position - Governmental Activities		<u>\$ (2,962,223)</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 9,817,939
Intergovernmental revenues	1,960,053
Fees, charges and commissions for services	1,226,691
Interest and investment income	110,567
Detention Center - charges for services	2,485,974
Inmate fees and commissions	299,211
Work release revenues	283,463
Other	160,912
TOTAL REVENUES	<u>16,344,810</u>
<u>EXPENDITURES</u>	
Public safety	
Personnel services and related benefits	11,606,308
Operating services	2,200,546
Material and supplies	904,143
Travel	24,374
Professional services	309,815
Food - Detention Center	545,298
Work release	133,202
Other	34,501
Debt service:	
Principal	463,574
Interest	69,186
Capital outlay	440,216
TOTAL EXPENDITURES	<u>16,731,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(386,353)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Proceeds from capital lease	93,608
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,608</u>
NET CHANGE IN FUND BALANCE	(292,745)
FUND BALANCE AT BEGINNING OF YEAR	<u>7,037,315</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,744,570</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net changes in fund balance - Governmental Fund		\$ (292,745)
Capital Assets:		
Capital outlay included in expenditures	440,216	
Depreciation expense for the year	(659,984)	
Loss on impairment of assets	<u>(344,697)</u>	(564,465)
Long-term Obligations		
Principal portion of debt service payments (bonds and capital leases)	463,405	
Proceeds from capital lease	(93,608)	
Change in compensated absences payable	<u>(11,114)</u>	358,683
Change in net post-employment benefit obligation and deferred inflows and outflows in accordance with GASB 75		(521,492)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>(30,085)</u>
Total changes in net position for year ended June 30, 2020		<u><u>\$ (1,050,104)</u></u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>Civil Fund</u>	<u>Tax Collector</u>	<u>Bond Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 23,827	\$ 137,362	\$ 615,755	\$ 776,944
Total Assets	<u>\$ 23,827</u>	<u>\$ 137,362</u>	<u>\$ 615,755</u>	<u>\$ 776,944</u>
LIABILITIES				
Due to others	\$ 23,827	\$ 137,362	\$ 615,755	\$ 776,944
Total Liabilities	<u>\$ 23,827</u>	<u>\$ 137,362</u>	<u>\$ 615,755</u>	<u>\$ 776,944</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

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

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The accompanying financial statements of the Natchitoches Parish Sheriff's Office have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):

The statement of net position and the statement of activities display information about the primary government (the Sheriff). These statements include the financial activities of the overall government, except for fiduciary activities, displayed for governmental activities.

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

FUND FINANCIAL STATEMENTS (FFS):

The fund financial statements provide information about the Sheriff's funds, including its fiduciary funds. Separate statements, for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds.

The Sheriff reports the following major governmental fund:

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include sales tax, commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance, and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund. Included in the General Fund is the Detention Center.

The Sheriff reports the following fiduciary type:

Agency Funds

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

B. REPORTING ENTITY

The Sheriff is considered a primary government since it is a special purpose government. The Sheriff is elected, is legally separate, and is fiscally independent of other state or local governments. The Sheriff has no component units as defined by GASB Statement No. 61 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.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The GWFS and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. Other revenues susceptible to accrual are intergovernmental revenues and grants. Fines and charges for services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable, available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2020, was made available for public inspection and comments from taxpayers at the Sheriff's office during June 2019. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing, which was held at the Sheriff's office, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

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 balance.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying required supplemental information include the original adopted budget and all subsequent amendments.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, 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.

F. RESTRICTED ASSETS

Certain funds are restricted for use by the Sheriff's office. These funds include inmate trust accounts and proceeds from a capital lease that is to be spent on specific property to be purchased by the Sheriff's Office.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute and the Sheriff's investment policy which allows for investment in obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit, investment grade commercial paper of domestic United States corporations, and other allowable investments. Investments are carried at fair market value as of the balance sheet date.

H. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Uncollectible accounts receivable is recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncertainty associated with collectability of the particular receivable. At June 30, 2020, none of the Governmental Activities receivables were considered to be uncollectible.

I. CAPITAL ASSETS

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Sheriff is charged as an expense against operations in the Statement of Activities. Capital assets, net of accumulated depreciation, are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements and 5 to 10 years for movable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets.

J. COMPENSATED ABSENCES

Employees of the Natchitoches Parish Sheriff's Office that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carry over or accumulate from one fiscal year to the next, and there are no vesting privileges. Full time employees are allowed 40 hours of sick leave at the beginning of the fiscal year. Sick leave does not carry over or accumulate and is not paid out upon termination. Employees are not eligible for overtime; however, if an employee works more than 40 hours a week, the employee accrues compensatory time at a rate of 1.5 hours for every hour worked. Compensatory time represents hours that can be used in future weeks by employees. The maximum amount of compensatory time that may be accumulated is 240 hours. Any hours earned in excess of the 240 accumulated is paid to the employee when earned. The Sheriff's policy is for accumulated compensatory time to be used before vacation leave and/or sick leave. Compensatory time is paid out upon termination. As such, a liability for compensated absences has been recorded in the accompanying financial statements.

K. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error, and omissions. To handle such risk of loss, the Sheriff maintains commercial insurance policies, workers' compensation insurance, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 2020.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

M. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position are either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

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

N. 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.

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 government'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 of 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 of which committed, assigned and unassigned amounts are available, the Sheriff's office reduces committed amounts first followed by assigned amounts and then unassigned amounts.

NATCHITOCHEES PARISH SHERIFF'S OFFICE
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. INTERFUND ACTIVITY & TRANSACTIONS

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Interfund transactions are reported as transfers.

P. SALES TAXES

The Sheriff collects a one-half percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated and used to meet the increased costs and expenses for critical operations of the Sheriff's Office. The tax, approved by the voters on July 15, 2006, was effective October 1, 2006 and is for a period of 10 years. The tax renewal was approved by the voters and extends in perpetuity.

Q. PENSION PLAN

The Natchitoches Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Fund and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. 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.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and as such will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 for additional information on deferred outflows of resources related to defined benefit pension plans and Note 9 for additional information on deferred outflows of resources related to other post-employment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and as such will not be recognized as an inflow of resources (revenues) until that time. See Note 8 for additional information on deferred inflows of resources related to defined benefit pension plan and Note 9 for additional information on deferred inflows of resources related to other post-employment benefits.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board that are scheduled to be implemented in the future that may affect the Sheriff's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Sheriff controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the Sheriff are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Sheriff will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. All of the Sheriff's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Sheriff are unknown at this time.

2. LEVIED TAXES

The Natchitoches Parish Sheriff's Office levies taxes on real and business personal property located within its boundaries. Ad valorem taxes are assessed on a calendar year basis, levied and become due on November 15 of each year and become an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of June 30, 2020:

	<u>Levied Millage</u>	<u>Authorized Millage</u>	<u>Expiration Date</u>
Law enforcement	8.180	8.180	statutory/no expiration
Law enforcement	9.960	9.960	vote-approved/no expiration

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Cash and Cash Equivalents		
Petty cash	\$ 300	\$ -
Demand deposits	3,807,890	776,944
Time and savings deposits	1,688,056	-
	<u>5,496,246</u>	<u>776,944</u>
Restricted Cash		
Demand deposits (inmate trust)	194,173	-
Demand deposits (capital lease)	135,380	-
	<u>329,553</u>	<u>-</u>
Total deposits	<u>\$ 5,825,799</u>	<u>\$ 776,944</u>

The Sheriff's Office has restricted cash relating to inmate trust accounts and a capital lease. The inmate trust accounts consist of money that is deposited by inmates for purchase of commissary items. The Sheriff's office is not entitled to spend these funds. These funds totaled \$194,173 at June 30, 2020. Under the terms of the capital lease entered into by the Sheriff's office for the 2018 fiscal year, cash received from this lease is to be deposited in a dedicated bank account for the purchase of the PTS Software (the property). As of June 30, 2020, the Sheriff was in compliance with all related debt covenants and has restricted cash of \$135,380 restricted for the payment of the capital lease.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned to them. The Sheriff does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent's financial institution. At June 30, 2020, the Sheriff's bank balance of demand deposit accounts was \$5,057,217 and was fully collateralized or FDIC insured and not exposed to custodial credit risk. Time and savings deposits (money market account) of \$1,688,056 are held with an investment management company and covered by Security Investor Protection Corporation (SIPC) insurance of \$500,000. Holdings with investment companies are not required to be collateralized.

Investments

The Sheriff maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Sheriff may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions as noted in Louisiana R.S. 33:2955. Investments in time certificates of deposit can be placed with state banks, national banks or federal credit unions as permitted in state statute.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

As of June 30, 2020, the Sheriff had its assets in U.S. agency securities and equity trusts. The below schedule identifies the investments by type:

Type of Investment	Total Carrying Value	Remaining Maturity				Credit Rating (Moody's)
		Less than one year	6-10	11-15	25-30	
Investments at fair value						
U.S. agency securities	\$ 1,072,710	\$ -	\$ 187,371	\$ 791,724	\$ 93,615	AAA
Investments measured at net asset value (NAV)						
Equity trusts	145,450	145,450	-	-	-	
Total investments measured at fair value	1,218,160	145,450	187,371	791,724	93,615	
 Total Investments	 \$ 1,218,160	 \$ 145,450	 \$ 187,371	 \$ 791,724	 \$ 93,615	

Accrued interest of \$7,988 is included in the receivables per the statement of net position.

The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Sheriff has the following recurring fair value measurements as of June 30, 2020:

Level 2 inputs – U.S. agency securities are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table above shows the maturities of the Sheriff's investments. The Sheriff's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Under Louisiana R.S. 33:2955, as amended, the Sheriff may invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities and other governmental debt obligations with limited exceptions. The Sheriff's investment policy does not further limit its investment choices.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

Concentration of Credit Risk – The Sheriff's investment portfolio had concentration of credit risk on June 30, 2020 due to the holding of securities issued by the following U.S. Agencies that are both permitted by statute and the Sheriff's investment policy. The Sheriff's investment portfolio consisted of 54% of securities issued by Federal Farm Credit Bank, 22% of securities issued by the Federal Home Loan Bank, 12% in equity trusts, and 8% of securities issued by the Government National Mortgage Association. The Sheriff's investment policy does not limit the amount it may invest in any one issuer.

Custodial credit risk-investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Sheriff has custodial credit risk exposure for the investment balance because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. Investments are held with an investment management company which is insured by SIPC for up to \$500,000.

The \$145,450 in equity trusts is invested in GNMA re-investment trust securities, valued using net asset value (NAV). This security is a pooled investment vehicle that seeks monthly distributions of interest through long-term investments in a portfolio of Ginnie Maes. Interest in these securities may be liquidated on a daily basis at the daily redemption rate which is NAV.

4. CHANGES IN FIDUCIARY NET POSITION

A summary of changes in fiduciary net position due to taxing bodies and others follows:

	<u>Balance at beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at end of year</u>
Agency funds:				
Civil fund	\$ 17,855	\$ 442,449	\$ 436,477	\$ 23,827
Tax Collector fund	70,409	33,945,863	33,878,910	137,362
Bond fund	516,108	1,974,622	1,874,975	615,755
Total	<u>\$ 604,372</u>	<u>\$ 36,362,934</u>	<u>\$ 36,190,362</u>	<u>\$ 776,944</u>

5. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2020:

	<u>Governmental Activities</u>
Taxes	\$ 315,607
Fees, charges, and commissions for services	234,127
Intergovernmental revenues	382,203
Other	20,699
Total	<u>\$ 952,636</u>

Intergovernmental revenues includes \$340,822 of CARES Act funding. See Note 14 for additional discussion.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

6. CAPITAL ASSETS

A summary of the Natchitoches Parish Sheriff's capital assets at June 30, 2020, follows:

Governmental Activities	Balance as of June 30, 2019	Additions	Retirements	Balance as of June 30, 2020
Cost of capital assets				
Land	\$ 150,889	\$ -	\$ -	\$ 150,889
Building and improvements	6,774,512	-	-	6,774,512
Automobiles	3,978,840	385,706	(121,613)	4,242,933
Equipment, furniture and fixtures	2,420,477	54,510	-	2,474,987
Software development in progress	344,697	-	(344,697)	-
Total cost of capital assets	<u>13,669,415</u>	<u>440,216</u>	<u>(466,310)</u>	<u>13,643,321</u>
Accumulated depreciation				
Building and improvements	4,974,586	187,197	-	5,161,783
Automobiles	3,236,884	324,243	(121,613)	3,439,514
Equipment, furniture and fixtures	2,025,837	148,544	-	2,174,381
Total accumulated depreciation	<u>10,237,307</u>	<u>659,984</u>	<u>(121,613)</u>	<u>10,775,678</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 3,432,108</u>	<u>\$ (219,768)</u>	<u>\$ (344,697)</u>	<u>\$ 2,867,643</u>

For the year ended June 30, 2020, governmental activities recorded a loss on impairment of assets of \$344,697 and depreciation expense of \$659,984. The Sheriff experienced a loss on impairment of assets of \$344,697 due to the software development in progress at June 30, 2019 failing in the development stage during the year ended June 30, 2020. See Note 12 for further discussion on impairment of assets.

7. LONG-TERM DEBT

The following is a summary of the long-term debt obligations of the Natchitoches Parish Sheriff's Office for the year ended June 30, 2020:

Governmental Activities	Balance as of June 30, 2019	Additions	Deductions	Balance as of June 30, 2020
Direct borrowings and placements				
Revenue bonds 2008	\$ 1,240,000	\$ -	\$ (290,000)	\$ 950,000
Capital lease - software	395,922	-	(128,857)	267,065
Capital lease - servers	43,517	-	(10,087)	33,430
Total	<u>\$ 1,679,439</u>	<u>\$ -</u>	<u>\$ (428,944)</u>	<u>\$ 1,250,495</u>

The table above includes capital leases that are considered a financed purchase in accordance with GASB No. 88. Other capital leases totaling \$150,532 as of June 30, 2020 are not considered financed purchases in accordance with GASB 88 but are included in long-term debt on the Statement of Net Position. See Note 10 for disclosure related to all other leases.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

7. LONG-TERM DEBT (continued)

The terms of the individual debt issues of the Natchitoches Parish Sheriff's Office are as follows:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding as of Year-End</u>
Direct borrowings and placements				
Revenue bonds 2008	4.49%	3/1/2023	\$ 3,500,000	\$ 950,000
Capital lease - software	2.40%	2/1/2022	655,571	267,065
Capital lease - servers	4.95%	2/1/2023	55,807	33,430
Total			<u>\$ 4,211,378</u>	<u>\$ 1,250,495</u>

The annual requirements to amortize the revenue bonds outstanding as of June 30, 2020, are as follows:

Direct borrowings and placements			
Year ended	Principal	Interest	Total
<u>June 30,</u>	<u>payments</u>	<u>payments</u>	
2021	\$ 410,000	\$ 52,309	\$ 462,309
2022	320,000	24,246	344,246
2023	220,000	9,878	229,878
Total	<u>\$ 950,000</u>	<u>\$ 86,433</u>	<u>\$ 1,036,433</u>

In 2008, the Sheriff issued revenue bonds to provide funds for the purchasing, acquiring, and improving correctional facilities. The bonds are secured by and payable as to principal and interest solely from a pledge and dedication of the excess of annual revenues of the Sheriff's Office above statutory, necessary and usual charges in each of the fiscal years during which the bonds are outstanding. The Sheriff's Office has covenanted and agreed to budget annually a sufficient sum of money to pay the principal and interest of the bonds for which the Sheriff's Office was compliant as of June 30, 2020.

The annual requirements to amortize the capital lease debts outstanding as of June 30, 2020, are as follows:

Direct borrowings and placements			
Year ended	Principal	Interest	Total
<u>June 30,</u>	<u>payments</u>	<u>payments</u>	
2021	\$ 202,556	\$ 9,839	\$ 212,395
2022	90,140	2,860	93,000
2023	7,799	395	8,194
Total	<u>\$ 300,495</u>	<u>\$ 13,094</u>	<u>\$ 313,589</u>

The capital lease related to software is a direct borrowing financed purchase and is secured by the leased assets which had a value of \$344,697 and had not been placed into service at June 30, 2019. See Note 12 for further discussion on impairment of the leased assets. The capital lease related to servers is a direct borrowing financed purchase and is secured by the leased assets which had a value of \$38,135 and had been placed into service at June 30, 2020. In the event of default or termination, the Lessor may declare all amounts due and payable and request that the equipment be returned to the Lessor.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

8. PENSION PLAN

The Sheriff is a participating employer in the Sheriffs' Pension and Relief Fund (Fund or System), which is a cost-sharing defined benefit pension plan. The Fund is a public corporation created in accordance with the provision of Louisiana Revised Statute 11:2171 to provide retirement, disability, and survivor benefits to employees of Sheriffs' offices throughout the State of Louisiana, employees of Louisiana Sheriffs' Association (LSA) and Sheriffs' Pension and Relief Fund's office. The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members.

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

Plan Description

Sheriffs' Pension and Relief Fund is the administrator of a cost-sharing defined benefit pension plan. The Plan provides retirement, disability, and survivor benefits to employees of Sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriff's Association and the Sheriff's Pension and Relief Fund's office as defined in LRS 11:2171. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:2178.

Cost of Living Adjustments

Cost of living provisions for the Fund allows the board of trustees to provide an annual cost of living increase of 2.5% of the eligible retiree's original benefit if certain funding criteria are met. Members are eligible to receive a cost of living adjustment once they have attained the age of sixty and have been retired at least one year. Funding criteria for granting cost of living adjustments is dependent on the funded ratio.

Funding Policy

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the actual employer contribution rate was 12.25%. Also, employer contributions for the year ended June 30, 2020 were \$922,648. In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions recognized for the year ended June 30, 2020 were \$452,722.

Plan members are required by state statute to contribute 10.25% of their annual covered salary.

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 \$5,055,371 for its proportionate share of the net pension liability. The net pension liability was measured as of the measurement date 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 the Sheriff's share of contributions to the pension plan relative to the contributions of all participating employers, during the measurement period. At June 30, 2019, the Sheriff's proportion was 1.0687%, which was a decrease of 0.0534% from its proportion measured as of June 30, 2018.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

8. PENSION PLAN (continued)

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

For the year ended June 30, 2020, the Sheriff recognized pension expense of \$1,405,455 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (968,508)
Changes in assumptions	1,544,992	-
Net difference between projected and actual earnings on pension plan investments	181,920	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	195,493	(293,702)
Contribution in excess/deficiency	25,419	(9,817)
Employer contributions subsequent to the measurement date	922,648	-
Total	<u>\$ 2,870,472</u>	<u>\$ (1,272,027)</u>

The Sheriff reported a total of \$922,648 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

<u>Year</u>	
2021	\$ 321,563
2022	(169,850)
2023	212,609
2024	250,596
2025	60,879
	<u>\$ 675,797</u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

8. PENSION PLAN (continued)

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
Actuarial Assumptions:	
Expected Remaining Service Lives	6 years
Investment Rate of Return	7.10%, net of investment expense
Projected salary increases	5.5% (2.50% inflation, 3.00% merit)
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table for disabled annuitants
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Changes in Valuation Methods and Assumptions	The valuation interest rate lowered from 7.25% to 7.10% 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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>Long-Term Expected Rate of Return</u>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity Securities	62%	4.40%
Fixed Income	23%	0.70%
Alternative Investments	15%	0.60%
Total	100%	5.70%
Inflation		2.40%
Expected Arithmetic Nominal Return		8.10%

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

8. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan'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.

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:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.10%	7.10%	8.10%
Sheriff's Share of Net Pension Liability	\$ 10,571,553	\$ 5,055,371	\$ 413,000

9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The Sheriff's Office provides certain continuing health care and life insurance benefits for its retired employees. The Natchitoches 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, dental and life 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: 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. Notwithstanding this there is a minimum service requirement of 15 years for benefits.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer for the amount \$10,000. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
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9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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	51
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	152
	203

Total OPEB Liability

The Sheriff's total OPEB liability of \$12,364,079 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%, annually
Discount rate	2.21%, annually
Healthcare cost trend rates	5.5%, annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table Combined Mortality Table

The discount rate was based on the Bond Buyers' 20-year General Obligation municipal bond index as of June 30, 2020, 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	\$	8,005,041
Changes for the year:		
Service cost		53,344
Interest		281,110
Differences between expected and actual experience		620,580
Changes in assumptions		3,747,921
Benefit payments and net transfers		(343,917)
Net changes		4,359,038
Balance at June 30, 2020	\$	12,364,079

The amount of total OPEB liability estimated to be due and payable within one year is \$362,832.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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:

	1.0% Decrease (1.21%)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB Liability	\$ 14,611,962	\$ 12,364,079	\$ 10,592,536

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:

	1.0% Decrease (4.5%)	Healthcare Cost Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 10,704,455	\$ 12,364,079	\$ 14,429,569

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 \$865,409. 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	\$ 1,271,872	\$ -
Changes in assumptions	3,697,124	(265,672)
Total	\$ 4,968,996	\$ (265,672)

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	\$ 530,956
2022	530,956
2023	530,956
2024	530,956
2025	530,956
Thereafter	2,048,544
	\$4,703,324

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

10. LEASES

The Sheriff has entered into lease arrangements for vehicles with payment terms extending 60 months and monthly payments ranging \$310 to \$684 per month. The following is a schedule of future minimum lease payments including interest of the net future minimum lease payments as of June 30, 2020:

Year ended June 30,	Principal payments	Interest payments	Total
2021	\$ 36,999	\$ 4,294	\$ 41,293
2022	36,999	4,294	41,293
2023	36,999	4,294	41,293
2024	36,999	4,294	41,293
2025	2,536	228	2,764
Total	<u>\$ 150,532</u>	<u>\$ 17,404</u>	<u>\$ 167,936</u>

The table above includes capital leases that are not considered a financed purchase in accordance with GASB No. 88. The Sheriff received \$93,608 in capital lease proceeds as part of new lease arrangements entered into in 2020. The Sheriff paid \$34,461 and \$4,067 in principal and interest on all lease arrangements in 2020. Principal balances totaling \$150,532 as of June 30, 2020, are included in the corresponding long-term debt classification on the Statement of Net Position.

11. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may 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 a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. As of June 30, 2020, there was \$29,089 paid under protest and escrowed.

12. LITIGATION

During the year ended June 30, 2019, the Sheriff's Office began developing an internally generated case management software. The new case management software was developed by Professional & Technical Software Solutions, Inc. (PTS) to replace the Sheriff's existing case management software in an effort to modernize and streamline the flow and tracking of transactions as well as allow for transparency and interaction between the Sheriff's Office and other governmental entities (10th JDC, Court System, District Attorney, Clerk, etc.) which share a role in certain transactions (i.e. civil funds).

As of June 30, 2019, the Sheriff had incurred \$344,697 of development costs which had been capitalized. As the software was still in the development stage at year end, it was not placed in service but remained in software development in progress. During 2020, the software was placed in the testing and implementation phase (development stage). During this phase, significant issues with the software were identified. After months of attempts to resolve the issues with the vendor, the Sheriff determined that the software was unable to perform as designed. As a result, all software development was stopped and the contract with PTS was terminated. The software in progress and related prepaid maintenance agreement were both impaired and written to \$0 as of June 30, 2020.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

12. LITIGATION (continued)

Subsequent to June 30, 2020, PTS sued the Sheriff for breach of contract in pursuit of the remaining balance of the contract, approximately \$131,000. In the view of the Sheriff's legal counsel, litigation is in the early stages of discovery and therefore, the outcome cannot be reasonably determined at this time. The Sheriff has filed a countersuit seeking damages for the amounts paid against the contract. As of June 30, 2020, the Sheriff had incurred costs for the build out of the software in the amount of \$364,457 (previously capitalized amount of \$344,697 and \$19,760 expensed) as well as the \$160,000 prepaid maintenance contract associated with the new software. Any gains received from the litigation would be contingent gains and not recognized until judgement is rendered in favor of the Sheriff.

The Sheriff entered into a capital lease agreement (financed purchase) with Government Capital Corporation (the debtor) to fund the software project in November 2017 for a total principal of \$655,571. The debtor is an independent 3rd party and unrelated to the ongoing litigation. As such, the Sheriff potentially has an obligation to pay the outstanding debt related to the impaired project (as they received the funding). As of June 30, 2020, the outstanding balance of the debt was \$267,065 payable over the next two years with \$135,380 of the debt maintained in an escrow cash account.

The Natchitoches Parish Sheriff is a defendant in various other litigation as of the close of business on June 30, 2020. Although the outcome of these other lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

13. TAX ABATEMENT

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2020, approximately \$242,000 in Natchitoches Parish Sheriff ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

14. SUBSEQUENT EVENTS

The Sheriff has evaluated subsequent events through December 17, 2020, the date the financial statements were available to be issued, and determined that the following item required additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. The spread of the virus has adversely affected global business activities and has resulted in significant uncertainty in the global economy. The impact of the COVID-19 continues to evolve and has been marked by rapid changes and developments. The impact of the outbreak may be short-term or may last for an extended period of time. The extent to which the COVID-19 pandemic may directly or indirectly impact the Sheriff's financial condition or results of operations cannot be reasonably estimated at this time.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

14. SUBSEQUENT EVENTS (continued)

In response to COVID-19 pandemic, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). As part of the CARES Act, states and localities were to receive direct payments totaling \$150 billion. Louisiana's share totaled \$1.8 billion. The State allocated a portion of these funds to parishes and municipalities who have or will incur expenditures due to the public health emergency between the dates of March 1, 2020 and December 31, 2020. Through the date subsequent events were evaluated, the Sheriff's Office has collected \$1,479,107 in CARES Act funding, of which \$340,822 was recognized as revenue as of June 30, 2020. All reimbursement requests have been submitted to date.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

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

	Original Budget	Final Budget	Actual (Budget Basis)
<u>REVENUES</u>			
Taxes	\$ 9,040,000	\$ 9,680,000	\$ 9,817,939
Intergovernmental revenue	1,225,000	1,265,000	1,960,053
Fees, charges, and commissions for services	4,240,000	4,200,000	4,295,339
Interest and investment income	45,300	25,600	110,567
Other	155,395	289,500	160,912
TOTAL REVENUES	14,705,695	15,460,100	16,344,810
<u>EXPENDITURES</u>			
Public Safety			
Personnel services and related benefits	11,200,000	11,265,000	11,606,308
Operating services	1,800,000	2,000,000	2,200,546
Material and supplies	875,000	875,000	904,143
Travel	45,000	39,000	24,374
Professional services	315,000	360,000	309,815
Food - Detention Center	540,000	575,000	545,298
Work release	200,000	200,000	133,202
Other	-	-	34,501
Debt service:			
Principal	485,000	534,000	463,574
Interest	-	-	69,186
Capital outlay	300,000	280,000	346,608
TOTAL EXPENDITURES	15,760,000	16,128,000	16,637,555
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,054,305)	(667,900)	(292,745)
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(1,054,305)	(667,900)	(292,745)
FUND BALANCE AT BEGINNING OF YEAR	6,910,440	6,910,440	7,037,315
FUND BALANCE AT END OF YEAR	\$ 5,856,135	\$ 6,242,540	\$ 6,744,570

Notes to Schedule:

Budget to Actual Reconciliation - Budgets are prepared on a budgetary basis which does not recognize the non-cash affects of other financing sources and capital outlay associated with debt used to purchase or lease assets. A reconciliation of the budgetary basis capital outlay and other financing sources is presented below:

	Capital Outlay	Other financing sources
GAAP basis capital outlay and other financing sources	\$ 440,216	\$ 93,608
Back out: Assets acquired through a capital lease	(93,608)	(93,608)
Budgetary basis capital outlay and other financing sources	\$ 346,608	\$ -

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF CHANGES IN
OTHER POST-EMPLOYMENT BENEFIT OBLIGATION AND RELATED RATIOS

Financial statement reporting date	Measurement date	Service cost	Interest	Differences between expected and actual experience	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2020	6/30/2020	\$ 53,344	\$ 281,110	\$ 620,580	\$ 3,747,921	\$ (343,917)	\$ 4,359,038	\$ 8,005,041	\$ 12,364,079	\$ 6,775,279	182.49%
6/30/2019	6/30/2019	63,326	273,960	455,457	406,264	(241,382)	\$ 957,625	7,047,416	\$ 8,005,041	7,839,827	102.11%
6/30/2018	6/30/2018	64,951	270,569	362,056	(309,949)	(266,699)	\$ 120,928	6,926,488	\$ 7,047,416	7,611,483	92.59%

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

There are no assets accumulated in a trust that meets the criteria of Paragraph 4 of GASB 75 for this OPEB plan.

See the accompanying notes to the Required Supplementary Information.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2020 (*)**

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Sheriffs' Pension and Relief Fund						
	2020	1.0687%	\$ 5,055,371	\$ 6,274,552	80.5694%	88.91%
	2019	1.1221%	4,302,775	7,729,710	55.6654%	90.41%
	2018	1.1617%	5,030,271	8,033,613	62.6153%	88.49%
	2017	1.1380%	7,222,709	7,667,983	94.1931%	82.10%
	2016	1.0965%	4,887,512	7,269,719	67.2311%	86.61%
	2015	1.0605%	4,199,697	6,906,494	60.8079%	87.34%

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

(*) The amounts presented have a measurement date of June 30th of the previous year-end.

See the accompanying notes to the Required Supplementary Information.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Pension Plan</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Sheriffs' Pension and Relief Fund						
	2020	\$ 922,648	\$ 922,648	\$ -	\$ 7,530,830	12.25%
	2019	914,912	914,912	-	6,274,552	14.58%
	2018	985,969	985,969	-	7,729,710	12.76%
	2017	1,109,874	1,109,874	-	8,033,613	13.82%
	2016	1,054,348	1,054,348	-	7,667,983	13.75%
	2015	1,035,937	1,035,937	-	7,269,719	14.25%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the Sheriffs' Pension and Relief Fund*

³ *Employer's covered payroll amount for the fiscal year ended June 30*

See the accompanying notes to the Required Supplementary Information.

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes in benefit terms -

There were no changes of benefit terms for the years presented.

Changes in assumptions -

The fluctuations in the changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used in each measurement of total other post-employment obligation.

Year end	Measurement Date	Rate	Change
6/30/2020	6/30/2020	2.210%	-1.290%
6/30/2019	6/30/2019	3.500%	-0.370%
6/30/2018	6/30/2018	3.870%	0.290%
6/30/2017	6/30/2017	3.580%	

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO LOUISIANA SHERIFFS' PENSION AND RELIEF FUND

Changes in benefit terms -

There were no changes of benefit terms for the years presented.

Changes in assumptions -

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:			Merit:		
Year End (*)	Rate	Change	Year End (*)	Rate	Change
6/30/2020	7.100%	-0.150%	6/30/2020	3.000%	0.100%
6/30/2019	7.250%	-0.150%	6/30/2019	2.900%	0.175%
6/30/2018	7.400%	-0.100%	6/30/2018	2.725%	0.100%
6/30/2017	7.500%	-0.100%	6/30/2017	2.625%	0.000%
6/30/2016	7.600%	-0.100%	6/30/2016	2.625%	-0.375%
6/30/2015	7.700%		6/30/2015	3.000%	

Inflation Rate:			Investment rate of return:		
Year End (*)	Rate	Change	Year End (*)	Rate	Change
6/30/2020	2.500%	-0.100%	6/30/2020	7.100%	-0.150%
6/30/2019	2.600%	-0.175%	6/30/2019	7.250%	-0.250%
6/30/2018	2.775%	-0.100%	6/30/2018	7.500%	-0.100%
6/30/2017	2.875%	0.000%	6/30/2017	7.600%	-0.100%
6/30/2016	2.875%	-0.125%	6/30/2016	7.700%	0.000%
6/30/2015	3.000%		6/30/2015	7.700%	

Salary Increases:		
Year End (*)	Rate	Change
6/30/2020	5.500%	0.000%
6/30/2019	5.500%	0.000%
6/30/2018	5.500%	0.000%
6/30/2017	5.500%	0.000%
6/30/2016	5.500%	-0.500%
6/30/2015	6.000%	

(*) The amounts presented have a measurement date of the previous fiscal year-end.

OTHER SUPPLEMENTARY INFORMATION

STATE OF LOUISIANA, PARISH OF NATCHITOCHES

AFFIDAVIT

R. STUART WRIGHT, SHERIFF OF NATCHITOCHES PARISH

BEFORE ME, the undersigned authority, personally came and appeared, Stuart Wright, the Sheriff of Natchitoches Parish, State of Louisiana, who after being sworn, deposed and said:

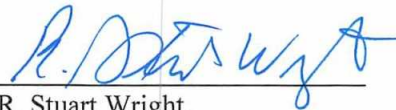
The following information is true and correct:

\$108,273 is the amount of cash on hand in the tax collector account on June 30, 2020, which does not include taxes paid under protest.

He further deposed and said:

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

All itemized statement of all taxes assessed and uncollected, which indicated the reason for the failure to collect, by taxing authority, are true and correct.



R. Stuart Wright,
Sheriff of Natchitoches Parish

Sworn to and subscribed before me, this 7th day of December 2020.



Chad J. Nelson
Notary Public, # 150151
Natchitoches Parish, Louisiana

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE NATCHITOCHE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2020

Natchitoches Parish Sheriff, Victor Jones (through June 30, 2020)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 165,869
Benefits - insurance	10,163
Benefits - retirement	21,237
Travel	1,194
Deferred compensation	<u>7,704</u>
	<u>\$ 206,167</u>

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA**

**SCHEDULE OF AD VALOREM TAXES ASSESSED AND UNCOLLECTED
FOR THE YEAR ENDED JUNE 30, 2020**

	Taxes Assessed (Adjusted Roll)	Taxes Collected (Net Collected)	Uncollected (To be Collected)
Cane River Waterway Commission	\$ 2,152,384.25	\$ 2,142,692.85	\$ 9,691.40
Dollie Mahoney, Tax Assessor	1,359,589.39	1,353,467.66	6,121.73
Fire District #1	320,050.21	319,816.29	233.92
Fire District #10	30,797.65	30,708.82	88.83
Fire District #2	56,870.94	56,805.13	65.81
Fire District #3	87,617.09	87,319.12	297.97
Fire District #4	218,538.16	217,975.96	562.20
Fire District #5	149,453.33	149,021.78	431.55
Fire District #6	640,018.71	637,563.21	2,455.50
Fire District #7	416,018.05	415,778.55	239.50
Fire District #8	27,694.27	27,117.43	576.84
Fire District #9	231,915.65	231,677.88	237.77
Law Enforcement District	6,507,375.08	6,478,074.73	29,300.35
Louisiana Department of Agriculture & Forestry	31,127.42	31,122.14	5.28
Louisiana Tax Commission	42,851.17	42,851.17	-
Natchitoches Levee District	911,933.53	905,883.94	6,049.59
Natchitoches Parish Government	6,447,834.32	6,420,686.14	27,148.18
Natchitoches Parish Hospital	1,904,860.06	1,896,283.17	8,576.89
Natchitoches Parish Police Jury	853,632.26	851,785.21	1,847.05
Natchitoches Parish School Board	9,906,349.47	9,861,775.46	44,574.01
Red River Waterway Commission	835,974.37	832,194.73	3,779.64
Total	<u>\$ 33,132,885.38</u>	<u>\$ 32,990,601.37</u>	<u>\$ 142,284.01</u>

EXPLANATION FOR AD VALOREM TAXES ASSESSED AND UNCOLLECTED AS OF JUNE 30, 2020:

The assessed taxes represent current taxes for the 2019 tax roll. All taxes on immovable property have been collected or have gone to tax sale. The uncollected amounts are for mobile homes and movable business property and include interest accrued through June 30, 2020. The Sheriff is in the process of collecting the uncollected taxes, but has had no response to collection efforts on the moveable property which could not be located or the businesses are no longer in operation.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Honorable Stuart Wright, Sheriff
Natchitoches Parish Sheriff's Office
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Natchitoches Parish Sheriff's Office (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 our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we 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, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency, identified as 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Sheriff's Office financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2020-002.



Natchitoches Parish Sheriff's Office Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads 'Postlethwaite & Netterville' in a cursive script.

Baton Rouge, Louisiana
December 17, 2020

**NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020**

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | |
|----------------------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued. | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted? | Yes |

SECTION #2

FINANCIAL STATEMENT FINDINGS

2020-001 Agency Fund Reconciliation (Repeat)

Criteria: The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance.

Condition: The cash balances in the Bond Fund and the Civil Fund total \$639,582 as of June 30, 2020. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed Sheriff's sales.

Effect: Unauthorized transactions may occur and not be detected timely.

Cause: Limited staff makes it difficult to initiate the process and develop the correct reports from the case management software.

Recommendation: We recommend that the Sheriff consider the system capabilities and initiate the process of reconciling subsidiary balances to the respective depository balances.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendations and was in the process of developing internally generated / procured software that would assist in the reconciliation of subsidiary balances to the respective depository balances. Unfortunately, while in the final testing phase of the software it was determined that the software was not viable. As a result, the software was fully impaired in fiscal year 2020. The Sheriff will continue to rely on and strengthen mitigating controls until the current software situation is resolved.

NATCHITOCHE PARISH SHERIFF'S OFFICE
NATCHITOCHE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020

2020-002

Public Bid Law (Repeat)

Criteria:

According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition:

We observed the following conditions:

- The Sheriff contracted with a vendor for the management of the food service at the prison. The total amount paid to the vendor during the year was approximately \$553,000. The presumption was that the deliverable was primarily the service of managing the food service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the food and commodities. In addition, inmates are used extensively by the vendor in delivering meals. As such, food and commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.
- The Sheriff contracted with a vendor for the management of the commissary service at the prison. The total amount paid to the vendor during the year was approximately \$345,000. The presumption was that the deliverable was primarily the service of managing the commissary service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the commissary commodities. As such, commissary commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.

Effect:

The Sheriff is in violation of the Louisiana statute.

Cause:

The Sheriff was not in compliance with Louisiana Revised Statute 38:2212.1.

Recommendation:

The Sheriff should consider the applicability of the public bid law prior to purchase.

Management's Response and Planned Corrective Action:

The Sheriff agrees with the recommendation. The Sheriff will emphasis training and compliance with the referenced statutes. This resolution will be implemented by March 31, 2021.

NATCHITOCHEs PARISH SHERIFF'S OFFICE
NATCHITOCHEs, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 **Agency Fund Reconciliation (Repeat)**

Criteria: The Sheriff's Bond Fund and Civil Fund bank accounts are used as a depository for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. Control procedures should be in place that reconciles the case or docket balances to the depository balance

Condition: The cash balances in the Bond Fund and the Civil Fund total \$533,963 as of June 30, 2019. These balances should represent undistributed amounts for court fines, traffic tickets payments, garnishments, appearance and cash bonds, and undistributed Sheriff's sales. While there are controls over current receipts and disbursements in the agency funds, these depository cash balances are not reconciled to the balances recorded in the subsidiary listing of cases, dockets, receipts, tickets or undistributed Sheriff's sales.

Status: *Repeat finding 2020-001*

2019-002 **Public Bid Law (Repeat)**

Criteria: According to Louisiana Revised Statute 38:2212.1, all purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations.

Condition: We observed the following conditions:

- The Sheriff contracted with a vendor for the management of the food service at the prison. The total amount paid to the vendor during the year was approximately \$518,000. The presumption was that the deliverable was primarily the service of managing the food service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the food and commodities. In addition, inmates are used extensively by the vendor in delivering meals. As such, food and commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.
- The Sheriff contracted with a vendor for the management of the commissary service at the prison. The total amount paid to the vendor during the year was approximately \$306,000. The presumption was that the deliverable was primarily the service of managing the commissary service operations at the prison and services are not subject to the same requirements as the purchase of materials and supplies. However, the vendor is responsible for acquiring the commissary commodities. As such, commissary commodities are a substantial part of the deliverable from the contract and therefore, the requirements of RS 38:2212.1 apply.

Status: *Repeat finding 2020-002*