
LOUISIANA SHERIFFS' ASSOCIATION

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2022

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(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Management of
Louisiana Sheriffs' Association
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Sheriffs' Association (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Sheriffs' Association as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana Sheriffs' Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Sheriffs' Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Louisiana Sheriffs' Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Sheriffs' Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to chief executive officer on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022, on our consideration of Louisiana Sheriffs' Association'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Sheriffs' Association'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 Louisiana Sheriffs' Association's internal control over financial reporting and compliance.

Diez, Dupuy & Ruiz

Gonzales, Louisiana
November 7, 2022

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,843,799	\$ 3,336,907
Investments	3,301,863	3,036,449
Grants receivable	187,090	315,028
Receivables	37,885	92,263
Prepaid expenses	26,886	26,039
Total current assets	6,397,523	6,806,686
<u>PROPERTY AND EQUIPMENT</u>		
Buildings and improvements	5,343,425	5,343,425
Computer equipment	483,819	402,580
Furniture and equipment	261,242	257,607
Vehicles	618,028	613,283
	6,706,514	6,616,895
Accumulated depreciation	(2,599,370)	(2,449,795)
	4,107,144	4,167,100
Land	144,100	144,100
Total Land, Property and Equipment, net	4,251,244	4,311,200
Total assets	\$ 10,648,767	\$ 11,117,886
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 30,710	\$ 69,601
Accrued liabilities	1,835	8,086
Grants payable	35,629	157,098
Total current liabilities	68,174	234,785
<u>LONG TERM LIABILITIES</u>		
Accrued benefit obligation	2,649,452	2,434,372
Compensated absences	48,434	50,025
Deferred revenue	2,611,057	2,671,057
Total long term liabilities	5,308,943	5,155,454
Total liabilities	5,377,117	5,390,239
<u>NET ASSETS</u>		
Without donor restrictions	5,271,650	5,727,647
Total net assets	5,271,650	5,727,647
Total liabilities and net assets	\$ 10,648,767	\$ 11,117,886

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

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

<u>OPERATING ACTIVITIES</u>	<u>Without Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
<u>REVENUE AND OTHER SUPPORT</u>		
Federal revenue grants	\$ 523,464	\$ 622,453
State revenue grants	881,497	19,998
Management fees	60,000	60,000
Membership dues	1,652,575	1,420,845
Administration revenue	237,992	227,305
Meeting and convention revenue	260,745	209,484
Investment income	93,224	78,372
Honorary membership	123,727	150,907
Other income	49,464	53,661
Total revenues and other support	<u>3,882,688</u>	<u>2,843,025</u>
<u>EXPENSES</u>		
Program services:		
Member services	1,940,652	1,578,662
Conferences and special events	<u>271,707</u>	<u>215,750</u>
Total Program Services	2,212,359	1,794,412
Supporting services:		
General and administrative	<u>1,669,145</u>	<u>1,287,748</u>
Total expenses	<u>3,881,504</u>	<u>3,082,160</u>
Change in net assets from operations	1,184	(239,135)
<u>NON OPERATING ACTIVITIES</u>		
Investment return, net	<u>(457,181)</u>	<u>324,021</u>
Total non operating activities	<u>(457,181)</u>	<u>324,021</u>
Change in net assets	(455,997)	84,886
Net assets at beginning of year	<u>5,727,647</u>	<u>5,642,761</u>
Net assets at end of year	<u>\$ 5,271,650</u>	<u>\$ 5,727,647</u>

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Member Services</u>	<u>Conferences & Special Events</u>	<u>Total Program Services</u>	<u>General & Administrative</u>	<u>Total Expense</u>
Salaries and Benefits	\$ 780,400	\$ 103,072	\$ 883,472	\$ 588,981	\$ 1,472,453
Bank Charges and Fees	3,603	537	4,140	3,526	7,666
Depreciation	98,199	14,625	112,824	96,111	208,935
Dues and Subscriptions	12,506	1,863	14,369	12,240	26,609
Employee Insurance	106,160	14,021	120,181	80,121	200,302
Grant Expenses	135,405	20,167	155,572	132,523	288,095
State grants	244,827	36,464	281,291	239,618	520,909
Insurance	27,935	4,161	32,096	27,340	59,436
LACCIE	975	145	1,120	954	2,074
Legislative Expense	1,970	293	2,263	1,928	4,191
Meetings and Conventions	168,343	25,072	193,415	164,762	358,177
Miscellaneous	3,592	535	4,127	3,516	7,643
Office Expense	20,066	2,989	23,055	19,638	42,693
Office Supplies	7,994	1,191	9,185	7,824	17,009
Postage and Delivery	2,609	389	2,998	2,552	5,550
Printing	1,052	157	1,209	1,029	2,238
Professional Fees	24,566	3,659	28,225	24,044	52,269
Promotional Items	19,077	2,841	21,918	18,672	40,590
Rent/Lease Expense	7,435	1,107	8,542	7,277	15,819
Repairs and Maintenance	35,557	5,296	40,853	34,801	75,654
Task Force	14,210	2,116	16,326	13,909	30,235
Telephone Expense	27,644	4,117	31,761	27,057	58,818
Auto and Travel Expenses	33,739	5,025	38,764	33,022	71,786
Utilities Expense	21,619	3,220	24,839	21,158	45,997
Postretirement Benefit Cost	141,169	18,645	159,814	106,542	266,356
Total expenses	<u>\$ 1,940,652</u>	<u>\$ 271,707</u>	<u>\$ 2,212,359</u>	<u>\$ 1,669,145</u>	<u>\$ 3,881,504</u>

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Member Services</u>	<u>Conferences & Special Events</u>	<u>Total Program Services</u>	<u>General & Administrative</u>	<u>Total Expense</u>
Salaries and Benefits	\$ 718,043	\$ 96,660	\$ 814,703	\$ 566,148	1,380,851
Bank Charges and Fees	8,053	1,127	9,180	6,926	16,106
Depreciation	102,598	14,364	116,962	88,234	205,196
Dues and Subscriptions	13,920	1,949	15,869	11,970	27,839
Employee Insurance	112,962	15,206	128,168	89,066	217,234
Grant Expenses	214,674	30,054	244,728	184,619	429,347
State grants	2,813	394	3,207	2,418	5,625
Insurance	22,792	3,191	25,983	19,601	45,584
Legislative Expense	3,004	420	3,424	2,583	6,007
Meetings and Conventions	48,621	6,807	55,428	41,813	97,241
Miscellaneous	6,470	906	7,376	5,563	12,939
Office Expense	16,543	2,316	18,859	14,227	33,086
Office Supplies	10,151	1,421	11,572	8,730	20,302
Postage and Delivery	5,823	815	6,638	5,008	11,646
Printing	9,317	1,304	10,621	8,012	18,633
Professional Fees	24,420	3,419	27,839	21,000	48,839
Promotional Items	11,595	1,623	13,218	9,972	23,190
Rent/Lease Expense	9,193	1,287	10,480	7,906	18,386
Repairs and Maintenance	14,453	2,023	16,476	12,430	28,906
Task Force	15,826	2,216	18,042	13,610	31,652
Telephone Expense	27,285	3,820	31,105	23,465	54,570
Auto and Travel Expenses	12,617	1,766	14,383	10,850	25,233
Utilities Expense	21,518	3,012	24,530	18,505	43,035
Postretirement Benefit Cost	145,971	19,650	165,621	115,092	280,713
Total expenses	<u>\$ 1,578,662</u>	<u>\$ 215,750</u>	<u>\$ 1,794,412</u>	<u>\$ 1,287,748</u>	<u>\$ 3,082,160</u>

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (455,997)	\$ 84,886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	208,935	205,196
Net (appreciation) depreciation on investments	457,181	(324,021)
Decrease in receivables	182,316	414,364
Increase in prepaid expenses	(847)	(2,335)
(Decrease) increase in accounts payable	(38,891)	37,666
Decrease in grants accounts payable	(121,469)	(334,239)
(Decrease) increase in accrued liabilities	(6,251)	7,738
(Decrease) increase in compensated absences	(1,591)	3,378
Increase in accrued benefit obligation	215,080	239,568
Decrease in deferred revenue	(60,000)	(60,000)
Net cash provided by operating activities	<u>378,466</u>	<u>272,201</u>
 <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(148,979)	(93,354)
Proceeds from sale and maturity of investments	355,500	635,734
Purchase of investments	(1,078,095)	(250,236)
Net cash (used in) provided by investing activities	<u>(871,574)</u>	<u>292,144</u>
 Net (decrease) increase in cash and cash equivalents	(493,108)	564,345
 Cash and cash equivalents at beginning of year	<u>3,336,907</u>	<u>2,772,562</u>
 Cash and cash equivalents at end of year	<u>\$ 2,843,799</u>	<u>\$ 3,336,907</u>

The accompanying notes are an integral part of these statements.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Louisiana Sheriffs' Association is an association founded in 1945 and classified for reporting purposes as a quasi-public entity as used in Louisiana audit law. This Association is charged with the administration of policy and legislation that will directly affect the operations of the state's sheriffs. The Association's decision-making body consists of an executive director and an executive board made up of the five officers and nine district representatives.

Basis of Presentation

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Louisiana Sheriffs' Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed, or both) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received. LSA follows this policy.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Louisiana Sheriffs' Association's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources from activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Association's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Association maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Association's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Association has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At June 30, 2022, there is no contributions receivable.

Accounts Receivable

Uncollectible accounts receivable is charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management believes all accounts receivable is collectible at year end.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to forty years. The Association's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. The Association's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Association groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The levels are:

Level 1: Unadjusted quoted or market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Compensated Absences

The Association records as a liability annual leave earned which may be taken at a future date. As of June 30, 2022, and 2021, the amounts recorded as compensated absences are \$48,434 and \$50,025, respectively.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Membership Dues

Membership dues are billed in December or January of each year and are due prior to the annual conference. Dues billed are considered revenue as of June 30.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and general and administrative services. Such allocations are determined by management on an equitable basis. All expenses were allocated based on time and effort.

Income Taxes

The Association is exempt from income tax under Section 501(c) (6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following table represents the Association's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were not any net assets with donor restrictions as of June 30, 2022 and 2021.

Financial assets at year-end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,843,799	\$ 3,336,907
Receivables	224,975	407,291
Investments	<u>3,301,863</u>	<u>3,036,449</u>
Total financial assets	<u>\$ 6,370,637</u>	<u>\$ 6,780,647</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,370,637</u>	<u>\$ 6,780,647</u>

As part of the Association's liquidity plan, excess cash is invested in short-term investments, including money market accounts and other investments.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2022 and 2021, the Association has cash and cash equivalents (book balances) totaling \$2,843,799 and \$3,336,907, respectively, as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Demand Deposit	\$ 2,306,598	\$ 2,800,946
Louisiana Asset Management Pool	537,201	535,961
Total	<u>\$ 2,843,799</u>	<u>\$ 3,336,907</u>

As of June 30, 2022, and 2021, cash includes \$537,201 and \$535,961, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSAR. S. 33:2955.

NOTE 4 – INVESTMENTS

The following is a summary of level 1 investments at June 30, 2022, and 2021,

<u>Investment Type</u>	<u>2022</u>	<u>2021</u>
Stock Mutual Funds	\$ 1,581,883	\$ 2,041,145
Bond Mutual Funds	1,719,980	995,304
	<u>\$3,301,863</u>	<u>\$ 3,036,449</u>

The components of investment return at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Without Donor</u>	<u>Without Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Interest and dividends	\$ 93,224	\$ 78,372
Realized gain (loss) on investments	82,238	82,516
Unrealized (loss) gain on investments	(539,419)	241,505
Net investment income	<u>\$ (363,957)</u>	<u>\$ 402,393</u>

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – PENSION PLAN

Substantially all employees of the Louisiana Sheriffs' Association are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 etc. which specifically pertains to the Sheriffs' Pension Fund, and 11:11 etc. which governs all public retirement systems in Louisiana.

Membership in the Fund is required for all eligible sheriffs and deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Members who joined the system on or before December 31, 2011, are eligible for regular retirement benefits upon attaining 30 years of creditable service at any age, or 12 years of creditable service and aged 55 years in entitled to retirement benefit payable monthly for life, equal to 3.33 percent of his final average compensation for each year of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least 10 years of creditable service may retire at age 60. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that begins prior to the member's earliest normal retirement date assuming continuous service. Members who joined the system on January 1, 2012, who retires at or after age 62 with at least 12 years of creditable service, at or after age 60 with at least 20 years of creditable service, or at 55 with 30 years of creditable service is entitled to a retirement benefit payable monthly for life, equal to 3.00 percent of his final average compensation each year of creditable service. For members with 30 or more years of services; the accrual rate is 3.33 percent. The retirement is equal to the benefit accrual times the member's final average compensation each year of creditable service. In any case, the retirement benefit cannot exceed 100 percent of their final average salary. Members with 20 or more years of service may retire with a reduced retirement at age 55. For members eligible on or before June 30, 2006, final average compensation is based on the average monthly earning during the highest 36 consecutive months (60 highest consecutive months for member employed between July 1, 2006 and July 1, 2013) or joined months if service was interrupted. The earnings to be considered for each 12-month period within the 36-month (or 60 month) period shall not exceed 125% of the preceding 12 months. For members joining after July 1, 2013, final compensation is based on the average monthly earnings during the highest 60 consecutive months and the earnings to be considered for each 12-month period within the 60 months shall not exceed 115% of the preceding 12-month period. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy

The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. Contributions are deducted from the member's salary and remitted monthly by the Association.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – PENSION PLAN (continued)

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the year ended June 30, 2022, the employers contributed 12.25% of members' salaries. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1419.

The Association's contributions to the System, for the years ended June 30, 2022, 2021 and 2020, were \$208,837, \$181,042 and \$191,967, respectively.

NOTE 6 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Association provides postretirement life benefits to all current employees and provides certain retired and active employees with postretirement health care benefits.

The annual measurement date is the end of the fiscal year (FYE) for the postretirement benefits (June 30th). The following tables provide further information about the postretirement benefits plans:

Obligations and Funded Status:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Benefit Obligation at FYE	\$ (2,434,372)	\$ (2,194,804)
Benefit Costs	(266,356)	(280,713)
Benefit Payments	51,276	41,145
Net Funded (Unfunded) Status of Plan	<u>\$ (2,649,452)</u>	<u>\$ (2,434,372)</u>

Amounts Recognized in the Statements of Financial Position consist of:

Noncurrent Assets	\$ -	\$ -
Current Liabilities	-	-
Noncurrent Liabilities	(2,649,452)	(2,434,372)
	<u>\$ (2,649,452)</u>	<u>\$ (2,434,372)</u>

Amounts Recognized in the Statements of Activities consist of:

Service Cost	\$ 164,646	\$ 192,140
Interest Expense	79,500	66,362
Net Amortization and Deferral	22,210	22,211
	<u>\$ 266,356</u>	<u>\$ 280,713</u>

Assumptions

Actuarial Cost Method – The valuation was performed using the Projected Unit Credit Method with the attribution period being the period from the participant's date of hire to the expected retirement date. The employer portion of the actuarial present value for retiree post-retirement benefits in future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the discount rate, mortality, and turnover.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Actuarial Value of Plan Assets – Since the plan has not yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, the actual market value of the assets would be used.

Mortality – The RP-2014 Table without projection has been used. Projected future mortality improvement has not been used since it is our opinion that this table contains a substantial conservative margin for the population involved in this valuation. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Expected Time of Commencement of Benefits – It was assumed that employees retire four years after the earlier of attainment of age 60 with 15 years of service or after 30 years of service at any age. The four-year delay is to accommodate the "back D.R.O.P."

Turnover – An age-related turnover scale based on actual experience as described for the administrative staff of the Association has been used. The rates, when applied to the active employees' census, produce an annual turnover of approximately 3%.

Future Cost increase (Trend) Rate – The expected rate of increase in medical cost is based on a graded schedule of 5.5% annually for ten years and 4.5% thereafter. Trend was not applied to the dental rates.

Investment Return Assumption (Discount Rate) – ASC 715 paragraph 31 requires that a "discount rate" be used to value the actuarial liabilities rather than the long-term return on assets which is typically used in such actuarial valuations. For this purpose, we have used the values in the "FTSE Pension Liability Index" (formerly "Citigroup Pension Liability Index" and before that "Salomon Brothers Pension Liability Index") as of each measurement date. The applicable discount rates in this valuation were 2.84% as of June 30, 2021 and 4.48 % as of June 30, 2022. ASC 715 also requires use of an assumption for the long-term rate of return on assets in the development of the periodic benefits costs. In the absence of funding (as well, of course, the absence of assets), we have not used an assumption for the return on assets.

Life Insurance – Life insurance coverage is continued to retirees by election and the blended rate for active employees is used. The employer pays for life insurance after retirement for retirees. However, the rates are based on the blended active/ retired rate and there is thus an implied subsidy. We have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Association received fees, reimbursed expenses and rental income from the following funds or programs:

- Louisiana Sheriffs' Honorary Membership Program
- Louisiana Sheriffs' Association Group Benefits Plan
- Louisiana Sheriffs' Association Unemployment Fund
- Louisiana Sheriffs' Law Enforcement Program

The Association performs certain administrative services and other functions for the above entities. Although these entities may be indirectly related to the Louisiana Sheriffs' Association, these entities were established for separate purposes. The operations of these entities are not included in these financial statements. The total administrative fees received for the years ended June 30, 2022 and 2021 totaled \$237,992 and \$227,305, respectively. Of these revenues, \$35,439 and \$23,959 were recorded as receivables at June 30, 2022 and 2021, respectively.

In addition to the administrative services, the Association makes payments to the Louisiana Sheriffs' Association Group Benefit Program, Louisiana Sheriffs' Association Unemployment Fund, and the Louisiana Sheriffs' Law Enforcement Programs for health, life, unemployment, liability and risk insurances. Payments made to these programs for the years June 30, 2022 and 2021 total \$255,402 and \$264,803, respectively.

The Louisiana Sheriffs' Association Group Benefits Plan

The Louisiana Sheriffs' Association Group Benefits Plan ("the Plan") is a cost-sharing multiple-employer defined benefit other post-employment benefits ("OPEB") plan organized to provide group health benefits to participating sheriffs' departments. The Plan is authorized by law to offer any benefit sanctioned by Section 501(c) (9) of the Internal Revenue Code. The Plan became effective May 1, 1983 and is controlled and administered by a separate board of trustees.

Under the terms of a Voluntary Employee Beneficiary Association ("VEBA") trust agreement between Hancock Bank and the Louisiana Sheriffs' Association, Hancock Bank manages a trust fund on behalf of the Plan. The trust serves as a depository for monies paid by the Plan participants to cover anticipated benefits and expenses under the Plan. Disbursements are made from the trust for benefits, insurance premiums and administrative expenses.

The Louisiana Sheriffs' Association, as the plan sponsor, has certain responsibilities to the VEBA, which are generally limited to its fiduciary duty to ensure that the Trustee, Plan Administrator and Consultant are performing in a competent fashion, are financially sound and are not subject to any ongoing investigations by any federal or state law enforcement agency. Fees paid to the Association for these services amounted to \$100,000 for the years ended June 30, 2022 and 2021.

The Louisiana Sheriffs' Unemployment Compensation Fund

The Louisiana Sheriffs' Unemployment Fund ("the Fund") was formed January 1, 1982 under Louisiana Revised Statutes 23: 1552. The Fund consists of Louisiana sheriffs that have joined together through self-insurance agreements to provide participating members with an unemployment compensation claims fund to relieve the members of unemployment related liabilities.

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – RELATED PARTY TRANSACTIONS (continued)

The responsibility for managing the affairs of the Fund rests with the Board of Managers, consisting of eight sheriffs elected by a majority vote of the sheriffs in each Congressional District. Managers are elected for staggered terms of four years and may be re-elected to any number of successive terms.

Unemployment Cost Solutions, L.L.C. serves as the administrator for the Fund. The administrators' responsibilities include collecting premiums from members, filing of all unemployment reports, maintaining an accountability system for allocating benefit charges, serving as liaison with the Louisiana Department of Labor Workforce Commission, and acting in the role of consultant in establishing a reserve for future claim liability.

The Louisiana Sheriffs' Association, as the plan sponsor, has certain responsibilities to the Fund, including enrollment of participants, monitoring the activities and financial condition of the Consultant and the Fund and maintaining contractual relationships. The Louisiana Sheriffs' Association is also the nominal paying agent for the Fund. The LSA Unemployment Compensation account fund prepaid rent for lease space from LSA in the building in the amount of \$2,611,057 and \$2,671,057, which is recorded as deferred revenue in the financial statements. In the fiscal year ended June 30, 2022 and 2021 \$60,000 was recognized as revenue.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued November 7, 2022, and has determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2022

Chief Executive Officer/Title: Michael Ranatza, Executive Director

Purpose	Amount
Salary	\$0
Benefits - insurance	0
Benefits - retirement	0
Deferred compensation	0
Benefits - other (dental)	0
Benefits - other (GTL)	0
Dues	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
	<hr/>
	<u>\$0</u>



**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**

To the Management of
Louisiana Sheriffs' Association
Baton Rouge, Louisiana

We have audited, 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, the financial statements of Louisiana Sheriffs' Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Sheriffs' Association's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Sheriffs' Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Sheriffs' Association'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

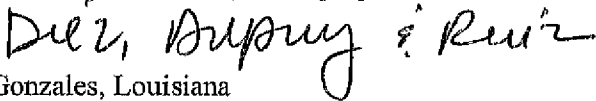
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Sheriffs' Association's financial statements are free of 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 financial statements.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gonzales, Louisiana
November 7, 2022

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)

SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Louisiana Sheriffs' Association were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Louisiana Sheriffs' Association, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

SECTION II - FINANCIAL STATEMENT AND NONCOMPLIANCE

FINDINGS - FINANCIAL STATEMENT AUDIT

None noted

FINDINGS- COMPLIANCE

None noted

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

FINDINGS- FINANCIAL STATEMENT AUDIT

None noted

FINDINGS- COMPLIANCE

None noted

LOUISIANA SHERIFFS' ASSOCIATION
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2022



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Management of Louisiana Sheriffs' Association and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Louisiana Sheriffs' Association's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Sheriffs' Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and entity's operations:

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

This section is not applicable to a non-profit organization.

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

This section is not applicable to a non-profit organization.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and address the functions noted above with the exception of use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

This section is not applicable to a non-profit organization.

Board (or Finance Committee, if applicable)

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

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

The Board met with a quorum as required.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes documented the Board's review of financial activity of the entity.

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

Not applicable.

Bank Reconciliations

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

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

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

No exceptions noted.

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

No exceptions noted.

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

Four accounts did not have any outstanding items over 12 months. One account did not have documentation that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's response: Management will implement a process to review and research items over 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and management's representation that listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations and management's representation that listing is complete.

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

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exception noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

Sequentially pre-numbered receipts were not used.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Deposits were made not made within one day of receipt at the collection location.

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

No exceptions noted.

Management's response: Date of collection will be marked on check receipts and we will make deposits within one day of collection as deemed practical.

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

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

Obtained listing of locations that process payments and management's representation that listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions noted.

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

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The person who processes payments also mails the checks after signatures are obtained.

Management's response: An employee who is not responsible for processing payments will mail the payments going forward.

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

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Observed the disbursement matched the related original itemized invoice and that deliverables were received by the entity.

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

The disbursement documentation included evidence of segregation of duties tested under #9 with the exception of 9d as noted above.

Management's response: An employee who is not responsible for processing payments will mail the payments going forward.

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

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

Obtained listing of the credit cards and management's representation that listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions noted.

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

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Of the items selected for testing, six transactions did not have an original itemized receipt, nine transactions did not have documentation of business/public purpose, and four transactions did not have documentation of the individuals participating in meals.

Management's response: Documentation will be maintained to support item, business/public purpose and individuals participating in meals.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained listing of travel and related expense reimbursements and management's representation that listing is complete.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

One of the five reimbursements used a per diem rate that was more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

Management's response: Management will ensure the per diem paid agrees to the rates established either by the State of Louisiana or U.S. General Services Administration.

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

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

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

No exceptions noted.

Contracts

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

Obtained listing of contracts initiated or renewed during the fiscal period and management's representation that listing is complete.

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

No exceptions noted.

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

No exceptions noted.

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

Not applicable.

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

No exceptions noted.

Payroll and Personnel

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

Obtained listing of employees and management's representation that listing was complete. Agreed paid salaries to authorized salaries/pay rates in the personnel file without exception.

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

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

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No termination payments for the fiscal year.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

Debt Service

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

Not applicable.

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

Not applicable.

Fraud Notice

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

Management asserted that the entity did not have any misappropriations of public funds or assets.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Not applicable.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;

Not applicable.

- b. Number of sexual harassment complaints received by the agency;

Not applicable.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- e. Amount of time it took to resolve each complaint.

Not applicable.

We were engaged by Louisiana Sheriffs' Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Sheriffs' Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Gonzales, Louisiana
November 7, 2022