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**LOUISIANA SHERIFFS' ASSOCIATION**

**(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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**LOUISIANA SHERIFFS' ASSOCIATION**

**(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1-2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses- Year Ended June 30, 2019	5
Statement of Functional Expenses- Year Ended June 30, 2018	6
Statements of Cash Flows	7
Notes to the Financial Statements	8-18
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	19
<u>OTHER REPORTS REQUIRED BY <i>GOVERNMENTAL AUDITING STANDARDS</i></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 <i>Government Auditing Standards</i>	20-21
Schedule of Findings and Responses	22
Summary Schedule of Prior Audit Findings	23



## **INDEPENDENT AUDITORS' REPORT**

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

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

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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 an opinion on these financial statements based on our audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion.

### ***Opinion***

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, 2019 and 2018, 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.

***Emphasis of Matter***

Louisiana Sheriffs' Association has adopted FASB ASU 2016-14 – *Presentation of Financial Statements of Not-for-Profit Entities*. The organization has adjusted their presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

***Other Matters***

***Other 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 December 6, 2019, 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.



Gonzales, Louisiana  
December 6, 2019

**LOUISIANA SHERIFFS' ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	<b><u>ASSETS</u></b>	
	<b>2019</b>	<b>2018</b>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 2,930,577	\$ 3,173,385
Investments	3,169,300	2,909,826
Receivables	364,984	193,317
Prepaid expenses	21,085	20,933
Total current assets	<u>6,485,946</u>	<u>6,297,461</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Buildings and improvements	5,283,997	5,283,997
Computer equipment	472,266	464,751
Furniture and equipment	386,224	386,224
Vehicles	567,414	567,414
	<u>6,709,901</u>	<u>6,702,386</u>
Accumulated depreciation	<u>(2,400,075)</u>	<u>(2,174,613)</u>
	4,309,826	4,527,773
Land	144,100	144,100
Total Land, Property and Equipment, net	<u>4,453,926</u>	<u>4,671,873</u>
Total assets	<u>\$ 10,939,872</u>	<u>\$ 10,969,334</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 77,700	\$ 46,409
Accrued liabilities	9,550	9,881
Conference reimbursement	154,750	-
Grants payable	1,324	10,340
Total current liabilities	<u>243,324</u>	<u>66,630</u>
<b><u>LONG TERM LIABILITIES</u></b>		
Accrued benefit obligation	1,974,069	1,734,880
Compensated absences	41,691	39,142
Deferred revenue	2,791,057	2,851,057
Total long term liabilities	<u>4,806,817</u>	<u>4,625,079</u>
Total liabilities	<u>5,050,141</u>	<u>4,691,709</u>
<b><u>NET ASSETS</u></b>		
Without donor restrictions	<u>5,889,731</u>	<u>6,277,625</u>
Total net assets	<u>5,889,731</u>	<u>6,277,625</u>
Total liabilities and net assets	<u>\$ 10,939,872</u>	<u>\$ 10,969,334</u>

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

**LOUISIANA SHERIFFS' ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

<b><u>OPERATING ACTIVITIES</u></b>	<b><u>Without Donor Restrictions</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>REVENUE AND OTHER SUPPORT</u></b>		
Federal revenue grants	\$ 346,654	\$ 600,998
State revenue grants	19,966	20,000
Management fees	60,000	60,000
Membership dues	1,494,872	1,535,312
Administration revenue	207,222	237,676
Meeting and convention revenue	34,902	194,756
Investment income	175,313	116,701
Honorary membership	151,566	149,297
Other income	130,661	162,398
Donations	1,215	-
Total revenues and other support	<u>2,622,371</u>	<u>3,077,138</u>
<b><u>EXPENSES</u></b>		
Program services:		
Member services	1,397,491	1,713,814
Conferences and special events	<u>179,094</u>	<u>253,898</u>
Total Program Services	1,576,585	1,967,712
Supporting services:		
General and administrative	<u>1,408,286</u>	<u>1,206,017</u>
Total expenses	<u>2,984,871</u>	<u>3,173,729</u>
Change in net assets from operations	(362,500)	(96,591)
<b><u>NONOPERATING ACTIVITIES</u></b>		
Investment return, net	<u>(25,394)</u>	<u>173</u>
Total nonoperating activities	<u>(25,394)</u>	<u>173</u>
Change in net assets	(387,894)	(96,418)
Net assets at beginning of year	<u>6,277,625</u>	<u>6,374,043</u>
Net assets at end of year	<u>\$ 5,889,731</u>	<u>\$ 6,277,625</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA SHERIFFS' ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	Member Services	Conferences & Special Events	Total Program Services	General & Administrative	Total Expense
Salaries and Benefits	\$ 692,050	\$ 79,852	\$ 771,902	\$ 558,963	\$ 1,330,865
Bank Charges and Fees	2,077	320	2,397	2,929	5,326
Depreciation	87,930	13,528	101,458	124,004	225,462
Dues and Subscriptions	9,022	1,388	10,410	12,724	23,134
Employee Insurance	99,384	11,467	110,851	80,272	191,123
Grant Expenses	49,254	7,578	56,832	69,460	126,292
State grants	6,192	953	7,145	8,733	15,878
Insurance	17,960	2,763	20,723	25,329	46,052
Legislative Expense	1,656	255	1,911	2,334	4,245
Meetings and Conventions	115,289	17,737	133,026	162,587	295,613
Miscellaneous	10,286	1,582	11,868	14,506	26,374
Office Expense	11,246	1,730	12,976	15,859	28,835
Office Supplies	5,304	816	6,120	7,479	13,599
Postage and Delivery	3,083	474	3,557	4,347	7,904
Printing	3,652	562	4,214	5,150	9,364
Professional Fees	21,838	3,360	25,198	30,797	55,995
Promotional Items	9,254	1,424	10,678	13,050	23,728
Rent/Lease Expense	5,241	806	6,047	7,392	13,439
Repairs and Maintenance	21,580	3,320	24,900	30,434	55,334
Task Force	19,360	2,979	22,339	27,303	49,642
Telephone Expense	24,683	3,797	28,480	34,809	63,289
Auto and Travel Expenses	25,416	3,910	29,326	35,844	65,170
Utilities Expense	13,603	2,093	15,696	19,184	34,880
Postretirement Benefit Cost	142,131	16,400	158,531	114,797	273,328
Total expenses	<u>\$ 1,397,491</u>	<u>\$ 179,094</u>	<u>\$ 1,576,585</u>	<u>\$ 1,408,286</u>	<u>\$ 2,984,871</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA SHERIFFS' ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Member Services	Conferences & Special Events	Total Program Services	General & Administrative	Total Expense
Salaries and Benefits	\$ 707,571	\$ 104,825	\$ 812,396	\$ 497,920	1,310,317
Bank Charges and Fees	3,123	463	3,586	2,198	5,783
Depreciation	137,826	20,419	158,245	96,989	255,233
Dues and Subscriptions	9,350	1,385	10,735	6,579	17,314
Employee Insurance	98,441	14,584	113,025	69,274	182,299
Grant Expenses	203,797	30,192	233,989	143,412	377,401
State grants	7,685	1,139	8,824	5,408	14,232
Insurance	20,559	3,046	23,605	14,468	38,073
Legislative Expense	3,061	453	3,514	2,154	5,668
Meetings and Conventions	162,739	24,110	186,849	114,520	301,369
Miscellaneous	14,471	2,144	16,615	10,184	26,799
Office Expense	30,226	4,478	34,704	21,270	55,974
Office Supplies	2,468	366	2,834	1,737	4,570
Postage and Delivery	4,135	613	4,748	2,910	7,658
Professional Fees	25,996	3,851	29,847	18,293	48,140
Promotional Items	8,636	1,279	9,915	6,077	15,993
Rent/Lease Expense	7,495	1,110	8,605	5,274	13,880
Repairs and Maintenance	17,694	2,621	20,315	12,451	32,766
Task Force	18,538	2,746	21,284	13,045	34,329
Telephone Expense	33,189	4,917	38,106	23,356	61,462
Auto and Travel Expenses	36,255	5,371	41,626	25,513	67,139
Utilities Expense	23,039	3,413	26,452	16,212	42,664
Postretirement Benefit Cost	137,520	20,373	157,893	96,773	254,666
Total expenses	<u>\$ 1,713,814</u>	<u>\$ 253,898</u>	<u>\$ 1,967,712</u>	<u>\$ 1,206,017</u>	<u>\$ 3,173,729</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (387,894)	\$ (96,418)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	225,462	255,233
Net depreciation (appreciation) on investments	25,394	(173)
Increase in receivables	(171,667)	(16,289)
Increase in prepaid expenses	(152)	(4,550)
Increase (decrease) in accounts payable	31,291	(12,226)
(Decrease) increase in grants payable	(9,016)	7,757
(Decrease) increase in accrued liabilities	(331)	1,380
Increase in conference reimbursement	154,750	-
Increase in compensated absences	2,549	4,573
Increase in accrued benefit obligation	239,189	212,440
Decrease in deferred revenue	(60,000)	(60,000)
Net cash provided by operating activities	<u>49,575</u>	<u>291,727</u>
 <b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(7,515)	(9,593)
Proceeds from sale and maturity of investments	5,023	52,828
Purchase of investments	(289,891)	(236,375)
Net cash used in investing activities	<u>(292,383)</u>	<u>(193,140)</u>
 Net (decrease) increase in cash and cash equivalents	(242,808)	98,587
 Cash and cash equivalents at beginning of year	<u>3,173,385</u>	<u>3,074,798</u>
 Cash and cash equivalents at end of year	<u>\$ 2,930,577</u>	<u>\$ 3,173,385</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA SHERIFF'S 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 Louisiana Sheriffs' 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 SHERIFF'S 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, 2019, 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 SHERIFF'S 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, 2019, and 2018, the amounts recorded as compensated absences are \$41,691 and \$39,142, 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.

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following table represents the Association's financial assets as of June 30, 2019 and 2018, 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, 2019 and 2018.

Financial assets at year end:	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 2,930,577	\$ 3,173,385
Receivables	364,984	193,317
Investments	3,169,300	2,909,826
<b>Total financial assets</b>	<b><u>\$ 6,464,861</u></b>	<b><u>\$ 6,276,528</u></b>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,464,861</u>	<u>\$ 6,276,528</u>
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As part of the Association's liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and other investments.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At June 30, 2019 and 2018, the Association has cash and cash equivalents (book balances) totaling \$2,930,577 and \$3,173,385, respectively, as follows:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Demand Deposit	\$ 2,403,618	\$ 2,658,434
Louisiana Asset Management Pool	526,959	514,951
Total	<u>\$ 2,930,577</u>	<u>\$ 3,173,385</u>

As of June 30, 2019, and 2018, cash includes \$526,959 and \$514,951, 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, 2019 and 2018,

<b>Investment Type</b>	<b>2019</b>	<b>2018</b>
Stock Mutual Funds	\$ 1,677,604	\$ 1,598,633
Bond Mutual Funds	1,066,678	1,011,805
Certificate of Deposit	425,018	299,388
	<u>\$ 3,169,300</u>	<u>\$ 2,909,826</u>

**LOUISIANA SHERIFF'S 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 SHERIFF'S 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, 2019, 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, 2019, 2018 and 2017, were \$206,890, \$210,957 and \$205,849, 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:**

	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>
Benefit Obligation at FYE	\$ (1,734,880)	\$ (1,522,440)
Benefit Costs	(273,330)	(254,666)
Benefit Payments	34,141	42,226
Net Funded (Unfunded) Status of Plan	<u>\$ (1,974,069)</u>	<u>\$ (1,734,880)</u>

Amounts Recognized in the Statements of Financial Position consist of:

Noncurrent Assets	\$ -	\$ -
Current Liabilities	-	-
Noncurrent Liabilities	<u>(1,974,069)</u>	<u>(1,734,880)</u>
	<u>\$ (1,974,069)</u>	<u>\$ (1,734,880)</u>

Amounts Recognized in the Statements of Activities and Changes in Net Assets consist of:

Service Cost	\$ 180,921	\$ 161,212
Interest Expense	70,198	71,244
Net Amortization and Deferral	<u>22,211</u>	<u>22,210</u>
	<u>\$ 273,330</u>	<u>\$ 254,666</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 SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

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

Actuarial Value of Plan Assets – There are no assets, since the plan has not been funded. It is anticipated that in future valuations, should funding take place, the actual market value of the assets would be used.

Mortality – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This recently published mortality table which has been used in determining the value of accrued benefits is defined benefit pension plans. 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 beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

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 3.51% as of June 30, 2019, and 4.14 % as of June 30, 2018. 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 SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2019 and 2018, 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, 2019 and 2018 totaled \$207,222 and \$237,676, respectively. Of these revenues, \$28,014 and \$14,884 were recorded as receivables at June 30, 2019 and 2018, 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, 2019 and 2018 total \$231,526 and \$231,370, 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.

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – RELATED PARTY TRANSACTIONS (continued)**

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, 2019 and 2018.

**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.

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 \$2,791,057 and \$2,851,057, which is recorded as deferred revenue in the financial statements. In the fiscal year ended June 30, 2019 and 2018, \$60,000 was recognized as revenue.

**NOTE 8 – NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities. The Association has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.

The changes have the following effect on net assets as of June 30, 2018:

<b>Net Asset Class</b>	<b>As previously presented</b>	<b>After Adoption of ASU 2016-14</b>
Unrestricted	\$6,277,625	\$ -
Without Donor Restrictions	-	6,277,625
Total Net Assets	<u>\$6,277,625</u>	<u>\$ 6,277,625</u>

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 6, 2019, 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, 2019**

Chief Executive Officer/Title: Michael Ranatza, Executive Director

<b>Purpose</b>	<b>Amount</b>
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, 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2019.

**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) to determine 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 over financial reporting 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.

**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 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 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  
December 6, 2019

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**SUMMARY SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2019**

**SUMMARY OF AUDIT 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*.
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.

**FINDINGS- FINANCIAL STATEMENT AUDIT**

None noted

**FINDINGS- COMPLIANCE**

None noted

**LOUISIANA SHERIFF'S ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2019**

**FINDINGS- FINANCIAL STATEMENT AUDIT**

None noted

**FINDINGS- COMPLIANCE**

None noted

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**LOUISIANA SHERIFFS' ASSOCIATION**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

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## 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, which were agreed to by the Louisiana Sheriffs' Association (the "Association" and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Association's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated either for the purpose for which this report has been requested or for any other purpose.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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

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

*The Local Budget Act found in R.S. 39:1301-1305 does not apply to the Association. However, a budget is adopted and approved by the Board.*

- 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.

*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 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 all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*Not applicable.*

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

*Not applicable.*

- k) **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.

*No policy was provided.*

*Management's response: Policy will be adopted to address all of the required criteria listed above.*

### Collections

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2. 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 listing of deposit sites and management's representation that listing is complete.*

3. 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 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 exceptions 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 exceptions noted.*

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Employees who have access to cash are not covered by a bond or insurance policy for theft.*

*Management's response: We will consider adding coverage for employee theft to the insurance policy.*

5. 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 numbered receipts were not used.*

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

*Collection documentation and deposit slip supported the cash collections.*

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

*Deposit slips agree to the actual deposit per the bank statement without exception.*

- 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 without exception.*

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

*Deposits per bank statement agree to the general ledger without exception.*

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

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6. 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 a listing of locations that process payments and management's representation that the listing is complete.*

7. For each location selected under #6 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.*

8. For each location selected under #6 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 invoice/billing statement.

*The disbursement matched the related original invoice.*

- 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.*

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

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9. 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 credit cards/debit cards/fuel cards and management's representation that listing is complete.*

10. Using the listing prepared by management, randomly select 5 cards (or all cards 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 that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain

public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.))]

*No exceptions noted.*

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

*No exceptions noted.*

11. 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).

*Four of the transactions tested were not supported by an original itemized receipt.*

*Management's response: Proper supporting documentation will be maintained going forward.*

This report is intended solely for the information and use of the management of Louisiana Sheriffs' Association and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

  
Gonzales, Louisiana  
December 6, 2019