
LOUISIANA SHERIFFS' ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2018

LOUISIANA SHERIFFS' ASSOCIATION

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2018

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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, 2018 and 2017, and the related statements of activities and changes in net assets, 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 respective financial position of Louisiana Sheriffs' Association as of June 30, 2018 and 2017, and the respective 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.

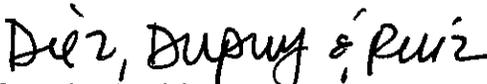
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 17- 18 and the schedule of compensation, benefits, and other payments to chief executive officer on page 19 are presented for purposes of additional analysis and are 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 30, 2018, 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
November 30, 2018

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 3,173,385	\$ 3,074,798
Investments	2,909,826	2,726,106
Receivables	193,317	177,028
Prepaid expenses	20,933	16,383
Total current assets	<u>6,297,461</u>	<u>5,994,315</u>
Property and Equipment		
Buildings and improvements	5,283,997	5,283,997
Computer equipment	464,751	455,158
Furniture and equipment	386,224	386,224
Vehicles	567,414	567,414
	<u>6,702,386</u>	<u>6,692,793</u>
Accumulated depreciation	(2,174,613)	(1,919,380)
	<u>4,527,773</u>	<u>4,773,413</u>
Land	144,100	144,100
Total Land, Property and Equipment, net	<u>4,671,873</u>	<u>4,917,513</u>
Total assets	<u>\$ 10,969,334</u>	<u>\$ 10,911,828</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 46,409	\$ 58,635
Grants payable	10,340	2,583
Accrued liabilities	9,881	8,501
Total current liabilities	<u>66,630</u>	<u>69,719</u>
<u>LONG TERM LIABILITIES</u>		
Accrued benefit obligation	1,734,880	1,522,440
Compensated absences	39,142	34,569
Deferred revenue	2,851,057	2,911,057
Total long term liabilities	<u>4,625,079</u>	<u>4,468,066</u>
Total liabilities	<u>4,691,709</u>	<u>4,537,785</u>
<u>NET ASSETS</u>		
Unrestricted	<u>6,277,625</u>	<u>6,374,043</u>
Total net assets	<u>6,277,625</u>	<u>6,374,043</u>
Total liabilities and net assets	<u>\$ 10,969,334</u>	<u>\$ 10,911,828</u>

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

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

<u>UNRESTRICTED NET ASSETS</u>	<u>2018</u>	<u>2017</u>
UNRESTRICTED REVENUES AND GAINS		
Federal revenue grants	\$ 600,998	\$ 788,767
State revenue grants	20,000	19,954
Management fees	60,000	60,000
Membership dues	1,535,312	1,459,068
Administration revenue	237,676	204,486
Meeting and convention revenue	194,756	152,037
Investment income	116,701	86,720
Honorary membership	149,297	149,297
Other income	162,398	133,082
Net realized and unrealized gain on investments	173	80,065
Total unrestricted revenues and gains	<u>3,077,311</u>	<u>3,133,476</u>
EXPENSES AND LOSSES		
Program services:		
Member services	1,713,814	1,865,327
Conferences and special events	<u>253,898</u>	<u>225,127</u>
Total Program Services	1,967,712	2,090,454
Supporting services:		
General and administrative	<u>1,206,017</u>	<u>1,125,631</u>
Total expenses and losses	<u>3,173,729</u>	<u>3,216,085</u>
Change in net assets	(96,418)	(82,609)
Net assets at beginning of year	<u>6,374,043</u>	<u>6,456,652</u>
Net assets at end of year	<u>\$ 6,277,625</u>	<u>\$ 6,374,043</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (96,418)	\$ (82,609)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	255,233	272,242
Net realized and unrealized (gain) loss on investments	(173)	(80,065)
(Increase) decrease in receivables	(16,289)	97,499
Increase in prepaid expenses	(4,550)	-
Decrease in accounts payable	(12,226)	(12,248)
Increase (decrease) in grants payable	7,757	(1,131)
Increase in accrued liabilities	1,380	1,018
Decrease in conference reimbursement	-	(244,620)
Increase in compensated absences	4,573	3,216
Increase in accrued benefit obligation	212,440	212,242
Decrease in deferred revenue	(60,000)	(60,000)
Net cash provided by operating activities	<u>291,727</u>	<u>105,544</u>
 <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(9,593)	(49,300)
Proceeds from sale and maturity of investments	52,828	376,352
Purchase of investments	(236,375)	(652,845)
Net cash used in investing activities	<u>(193,140)</u>	<u>(325,793)</u>
 Net increase (decrease) in cash and cash equivalents	98,587	(220,249)
 Cash and cash equivalents at beginning of year	<u>3,074,798</u>	<u>3,295,047</u>
 Cash and cash equivalents at end of year	<u><u>\$ 3,173,385</u></u>	<u><u>\$ 3,074,798</u></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

Nature of Operations

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 Accounting

The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Financial Statement Presentation

Financial statements presentation follows the guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under ASC, non-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. ***Unrestricted Net Assets*** are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
2. ***Temporarily Restricted Net Assets*** are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
3. ***Permanently Restricted Net Assets*** are net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted assets recorded in these financial statements.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Association considers all cash and highly liquid short-term investments with an initial maturity of three months or less as cash and cash equivalents.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their face values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

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

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the maximum insured amount allowed by the Federal Deposit Insurance Corporation. With regard to receivables, credit risk is limited because the majority of the Association's receivables consist of membership dues due from other entities. Generally, the Association does not require collateral or other securities to support its accounts receivable.

Compensated Absences

The Association records as a liability annual leave earned which may be taken at a future date. As of June 30, 2018, and 2017, the amounts recorded as compensated absences are \$39,142 and \$34,569, respectively.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from 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.

Income Tax Status

The Association accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Association is organized as a non-profit organization that is exempt from taxes under Section 501(c)(6) of the Internal Revenue Code. The Association has not had any income that would be considered unrelated business income as of the date of this report. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. The Association files a federal income tax return under U.S. federal tax jurisdiction.

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment for purchased assets are stated at cost. Donated property and equipment are stated at fair market value at the time of donation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon sale or retirement of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income.

Depreciation of buildings and equipment is provided over the following estimated useful lives of the respective assets on a straight-line basis:

<u>Assets</u>	<u>Estimated Lives</u>
Buildings	40
Building Improvements	15
Computer Equipment	3
Furniture and Fixtures	5
Vehicles	3 – 5

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as listed on the schedules of functional expenses. Program services expenses are the direct and indirect costs related to accomplishing the Association's objectives. All other expenses are classified as supporting services.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – INVESTMENTS

The cost and estimated fair value including gross unrealized gains and losses of the Association's investments at June 30, 2018 and 2017 were as follows:

Investment Type	Cost	2018		Fair Value
		Unrealized Gains	Unrealized Losses	
Stock Mutual Funds	\$ 1,449,001	\$ 174,789	\$ 25,157	\$ 1,598,633
Bond Mutual Funds	1,081,327	-	69,522	1,011,805
Certificate of Deposit	300,000	-	612	299,388
	<u>\$ 2,830,328</u>	<u>\$ 174,789</u>	<u>\$ 95,291</u>	<u>\$ 2,909,826</u>

Investment Type	Cost	2017		Fair Value
		Unrealized Gains	Unrealized Losses	
Stock Mutual Funds	\$ 1,377,356	\$ 175,017	\$ 8,655	\$ 1,543,718
Bond Mutual Funds	1,033,094	2,967	53,501	982,560
Certificate of Deposit	200,000	-	172	199,828
	<u>\$ 2,610,450</u>	<u>\$ 177,984</u>	<u>\$ 62,328</u>	<u>\$ 2,726,106</u>

Included in the caption "Net Realized and Unrealized Gain (Loss)" on the Statements of Activities are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Net realized gain (loss)	\$ 36,503	\$ (3,533)
Net change in unrealized gain (loss)	(36,330)	83,598
Net gain on investments	<u>\$ 173</u>	<u>\$ 80,065</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2018 and 2017, the Association has cash and cash equivalents (book balances) totaling \$3,173,385 and \$3,074,798, respectively, as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Demand Deposit	\$ 2,658,434	\$ 2,566,914
Louisiana Asset Management Pool	514,951	507,884
Total	<u>\$ 3,173,385</u>	<u>\$ 3,074,798</u>

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (continued)

As of June 30, 2018, and 2017, cash includes \$514,951 and \$507,884, 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 entities 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools.

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7-like pools

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Association has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Association's investments are reported at fair value in the accompanying Statements of Financial Position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments; could result in a different fair value measurement at the reporting date.

Investments in mutual funds and certificates of deposit are valued at quoted market prices in the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2018, and 2017:

Assets at Fair Value as of June 30, 2018		
	Level 1	Total
Stock Mutual Funds	\$ 1,598,633	\$ 1,598,633
Bond Mutual Funds	1,011,805	1,011,805
Certificates of Deposit	299,388	299,388
	<u>\$ 2,909,826</u>	<u>\$ 2,909,826</u>

Assets at Fair Value as of June 30, 2017		
	Level 1	Total
Stock Mutual Funds	\$ 1,543,718	\$ 1,543,718
Bond Mutual Funds	982,560	982,560
Certificate of Deposit	199,828	199,828
	<u>\$ 2,726,106</u>	<u>\$ 2,726,106</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, 2018, the employers contributed 12.75% 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, 2018, 2017 and 2016, were \$210,957, \$205,849 and \$215,257, 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, 2018</u>	<u>June 30, 2017</u>
Benefit Obligation at FYE	\$ (1,692,654)	\$ (1,480,214)
Benefit Payments	(42,226)	(42,226)
Net Funded (Unfunded) Status of Plan	<u>\$ (1,734,880)</u>	<u>\$ (1,522,440)</u>

Amounts Recognized in the Statements of Financial Position consist of:

Noncurrent Assets	\$ -	\$ -
Current Liabilities	-	-
Noncurrent Liabilities	<u>(1,734,880)</u>	<u>(1,522,440)</u>
	<u>\$ (1,734,880)</u>	<u>\$ (1,522,440)</u>

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

Service Cost	\$ 161,212	\$ 163,652
Interest Expense	71,244	68,605
Net Amortization and Deferral	<u>22,210</u>	<u>22,211</u>
	<u>\$ 254,666</u>	<u>\$ 254,468</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 3.87% as of June 30, 2017, 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 – RISK MANAGEMENT

The Association is exposed to various risks of loss related to the areas of employee injuries and illness, damage to and destruction of assets, errors and omissions, and unemployment compensation. To handle such risk of loss, the Association maintains commercial insurance policies covering its real and personal property, automobiles, general liability, professional liability, group health and unemployment compensation either through the participation in the Louisiana Sheriffs' Association Group Benefit Program, Louisiana Sheriffs' Association Unemployment Fund, and the Louisiana Sheriffs' Law Enforcement Programs or through individually purchased policies. There have been no significant reductions in the insurance coverage during the year.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2018 and 2017, 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, 2018 and 2017 totaled \$237,676 and \$204,486, respectively. Of these revenues, \$14,884 and \$1,641 were recorded as receivables at June 30, 2018 and 2017, 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, 2018 and 2017 total \$231,370 and \$182,217, 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 8 – 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, 2018 and 2017.

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 \$2,851,057 and \$2,911,057, which is recorded as deferred revenue in the financial statements. In the fiscal year ended June 30, 2018 and 2017, \$60,000 was recognized as revenue.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 30, 2018, 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 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>

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	<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	\$ 763,707	\$ 92,172	\$ 855,879	\$ 460,858	1,316,737
Bank Charges and Fees	4,758	574	5,332	2,871	8,203
Depreciation	157,900	19,057	176,957	95,285	272,242
Dues and Subscriptions	10,994	1,327	12,321	6,635	18,956
Employee Insurance	101,198	12,214	113,412	61,068	174,480
Grant Expenses	330,795	39,924	370,719	199,618	570,336
Insurance	24,158	2,916	27,074	14,578	41,652
Legislative Expense	2,920	352	3,272	1,762	5,035
Meetings and Conventions	87,631	10,576	98,207	52,881	151,088
Miscellaneous	14,293	1,725	16,018	8,625	24,643
Office Expense	22,662	2,735	25,397	13,675	39,072
Office Supplies	3,573	431	4,004	2,156	6,160
Postage and Delivery	6,238	753	6,991	3,764	10,755
Printing	(12)	(1)	(13)	(7)	(20)
Professional Fees	28,718	3,466	32,184	17,330	49,513
Promotional Items	5,109	617	5,726	3,083	8,809
Rent/Lease Expense	7,876	951	8,827	4,753	13,580
Repairs and Maintenance	42,986	5,188	48,174	25,940	74,114
Task Force	16,510	1,993	18,503	9,963	28,465
Telephone Expense	32,351	3,904	36,255	19,522	55,778
Auto and Travel Expenses	35,905	4,333	40,238	21,667	61,906
Utilities Expense	17,466	2,108	19,574	10,540	30,113
Postretirement Benefit Cost	147,591	17,813	165,404	89,064	254,468
Total expenses	<u>\$ 1,865,327</u>	<u>\$ 225,127</u>	<u>\$ 2,090,454</u>	<u>\$ 1,125,631</u>	<u>\$ 3,216,085</u>

LOUISIANA SHERIFFS' ASSOCIATION
(A NONPROFIT ORGANIZATION)
SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2018

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/>
	\$0
	<hr/> <hr/>



**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, 2018, 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 November 30, 2018.

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
November 30, 2018

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018

Section I- Summary of Auditors' Result

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.

LOUISIANA SHERIFF'S ASSOCIATION
(A NONPROFIT ORGANIZATION)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

FINDINGS- FINANCIAL STATEMENT AUDIT

NONE NOTED.

FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE NOTED.

LOUISIANA SHERIFFS' ASSOCIATION

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2018



**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, 2017 through June 30, 2018. The Association management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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.

No policy was provided.

Management's response: We will adopt a policy.

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

No policy was provided.

Management's response: We will adopt a policy.

- 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).

No policy was provided.

Management's response: We will adopt a policy.

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

No policy was provided.

Management's response: We will adopt a policy.

- 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

No policy was provided.

Management's response: We will adopt a policy.

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)

No policy was provided.

Management's response: We will adopt a policy.

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

No policy was provided.

Management's response: We will adopt a policy.

- h) **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.

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

Not applicable.

Board or Finance Committee

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.

No exceptions noted.

- - 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 and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit 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.*

No exceptions noted.

- -
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

Obtained listing of client bank accounts 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);

Obtained bank reconciliations for the month selected noting that reconciliations have been prepared within 2 months of the related statement closing date.

- 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

The bank reconciliations include evidence that a member of management, who does not handle cash, post ledgers, or issue checks, has reviewed each bank reconciliation.

- 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.

Obtained bank statements and reconciliations for months selected noting management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

Collections

- 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 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 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.

Employees responsible for cash collections share the same cash drawer.

Management's response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

- 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.

6. 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.

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 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)

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 a listing of locations that process payments and management's representation that the 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 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

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

12. 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.

Finance charges and/or late fees were assessed on the selected statements.

Management's response: The late charge was an isolated incident. We will put procedures in place to ensure payments are made timely in order to prevent late fees and finance charges.

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).

No exceptions noted.

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:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Payroll and Personnel

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were not any exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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 that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Not applicable.

Debt Service

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

Not applicable.

Other

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.

Required notice was posted on the Association premises and website.

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

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

Dee Z, Dupuy & Ruiz

Gonzales, Louisiana
November 30, 2018