

EAST BATON ROUGE PARISH SHERIFF

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2022



EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

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Baton Rouge, Louisiana

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Honorable Sid J. Gautreaux, III
Sheriff and Tax Collector
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff (the “Sheriff”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Certain Matter

As discussed in Note 13 to the financial statements, the East Baton Rouge Parish Sheriff implemented Governmental Accounting Standards Board Statement No. 87 *Leases*, which required, among other things, that liabilities and right-to-use assets be recorded for certain lease agreements. The implementation of this statement represents a change in accounting principle having a significant effect on the Sheriff’s financial statements from prior year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule, the Schedule of Changes in Total Other Post-Employment Benefit Plan Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability – Sheriffs' Pension and Relief Fund, the Schedule of the Employer's Contributions to the Sheriff's Pension and Relief Fund, and the Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the East Baton Rouge Parish Sheriff and the Justice System Funding Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Sheriff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2022

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

This section of the East Baton Rouge Parish Sheriff's (the Sheriff's) annual financial report provides a narrative discussion and analysis of the financial activities of the Sheriff for the fiscal years ended June 30, 2022 and 2021. The Sheriff's financial performance is discussed and analyzed within the context of the financial statements and disclosures, which follow this section.

Financial Highlights

- The Sheriff's net position reflects a deficit of approximately \$32 million for the fiscal year ended June 30, 2022 compared to the deficit of approximately \$37 million for fiscal year ended June 30, 2021. This deficit net position primarily reflects the Sheriff's total other post-employment benefit liability. This liability accounts for approximately \$59 million or 70% of the total liabilities.
- Total revenues of approximately \$106.3 million were above total expenses of approximately \$100.9 million, resulting in an increase in the net position of approximately \$5.3 million for the year ended June 30, 2022 (a decrease in net position deficit). For the year ended June 30, 2021, total revenues of approximately \$108.5 million were below total expenses of \$110.7 million, resulting in a decrease in net position of approximately \$2.2 million for that year (an increase in net position deficit).
- The Sheriff's governmental funds contained total ending fund balances of approximately \$39.9 million and \$41.0 million as of June 30, 2022 and 2021, respectively. This level of fund balance provides a reasonably adequate level of operating reserves.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$18.8 million and \$11.0 million for the years ended June 30, 2022 and 2021 respectively. This investment in capital assets includes property and equipment net of accumulated depreciation and debt used to purchase or fund the assets.
 - (2) Restricted net position of \$3.7 million and \$0.2 million for the years ended June 30, 2022 and 2021, respectively. These resources consist primarily of seized assets, net of liabilities, or other accounts whose use is restricted by statute. It also includes restricted balances for the net pension asset.
 - (3) Unrestricted net position deficit of \$54.4 million and \$48.5 million for the years ended June 30, 2022 and 2021, respectively indicates net liabilities for the long-term that must be paid from future resources.

Greater detail of these financial highlights is provided in the "financial analysis" section of this document.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes information in this report to supplement the basic financial statements.

Government-wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets, deferred outflows, liabilities, and deferred inflows with the difference among them reported as *net position (deficit)*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sheriff's office as a whole is improving or deteriorating. Evaluation of the overall financial health of the Sheriff's office would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

The second government-wide statement is the *Statement of Activities*, which reports how the Sheriff's net position changed during the current fiscal year. All current year revenues and expenses are included and reported when earned or owed regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by tax revenue. The sole purpose of these governmental activities is public safety.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds, rather than the Sheriff as a whole.

The Sheriff uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Fiduciary funds are combined and reported in the fiduciary fund financial statements. These funds account for taxes collected for other taxing bodies, deposits and settlements held pending court action, the individual prison inmate accounts, and funds held for evidence in criminal proceedings. The only fiduciary type funds presented by the Sheriff is custodial funds. The Sheriff adopted GASB Statement 84, *Fiduciary Activities* as amended by GASB Statement 97 during the year ended June 30, 2021.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations and post-employment benefit plans. Budgetary comparison statements are included as "required supplementary information" for the general fund. This schedule demonstrates compliance with the Sheriff's initially adopted and final revised budget. Other supplementary information not required by accounting standards includes the schedule of compensation, benefits, and other payments to East Baton Rouge Parish Sheriff, presented to reflect the total compensation to the agency head, and the justice funding schedules, presented to reflect pre and post adjudication collections and receipts.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Financial Analysis

The Sheriff's net position deficit was \$31.9 million and \$37.2 million at June 30, 2022 and 2021, respectively.

The following table provides a summary of the Sheriff's net position deficit:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Assets:		
Current assets	\$ 49,802,734	\$ 47,527,033
Capital assets	<u>18,762,012</u>	<u>11,024,325</u>
Total assets	<u>68,564,746</u>	<u>58,551,358</u>
Deferred Outflows of Resources	<u>29,775,075</u>	<u>44,351,146</u>
Liabilities:		
Current liabilities	6,559,069	6,491,135
Long-term liabilities	<u>77,625,632</u>	<u>126,244,666</u>
Total liabilities	<u>84,184,701</u>	<u>132,735,801</u>
Deferred Inflows of Resources	<u>46,104,345</u>	<u>7,412,250</u>
Net position (deficit):		
Net investment in capital assets	13,610,954	11,024,325
Restricted	3,699,248	182,337
Unrestricted	<u>(49,259,427)</u>	<u>(48,452,209)</u>
Total net position	<u>\$ (31,949,225)</u>	<u>\$ (37,245,547)</u>

The Sheriff had \$13,610,954 and \$11,024,325 invested in capital assets at June 30, 2022 and 2021, respectively, consisting primarily of law enforcement and telecommunications equipment and vehicles. The unrestricted net deficit reflects liabilities incurred in excess of non-capital and restricted assets available to satisfy those liabilities. The increase is due to the acquisition of law enforcement vehicles and buildings.

Long-term liabilities (Including current portion of long-term liabilities) consisting primarily of the total other post-employment benefit liability, compensated absences payable, and the lease liability were \$77,625,632 versus \$126,244,666 at June 30, 2022 and 2021, respectively. The change is primarily the result of the change in the net pension liability to a net pension asset. This change is primarily the result of fluctuating discount rates and favorable investment performance.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

The following table provides a Summary Statement of Activities that accounts for the Sheriff's changes in net position:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Revenues:		
Program:		
Fees, charges, and commissions for services	\$ 19,296,318	\$ 18,821,106
Grants and contributions	<u>3,521,512</u>	<u>6,465,671</u>
	22,817,830	25,286,777
General:		
Ad valorem taxes	74,865,211	74,780,674
State grants not restricted to specific programs	4,053,764	4,208,084
Interest income	226,611	252,658
Contributions not restricted to specific programs	3,120,164	2,929,124
Miscellaneous	<u>1,181,247</u>	<u>1,044,433</u>
Total revenues	<u>106,264,827</u>	<u>108,501,750</u>
Expenses:		
Public safety:		
Personnel services and benefits	69,539,271	84,058,365
Operating services	21,994,359	18,109,389
Materials and supplies	7,370,921	6,469,935
Transporting and other charges	<u>2,063,954</u>	<u>2,060,952</u>
Total expenses	<u>100,968,505</u>	<u>110,698,641</u>
Change in net position	5,296,322	(2,196,891)
Beginning net position	<u>(37,245,547)</u>	<u>(35,048,656)</u>
Ending net postion	<u>\$ (31,949,225)</u>	<u>\$ (37,245,547)</u>

REVENUES

Ad-valorem taxes funded approximately 70% and 69% of the Sheriff's operations for the years ended June 30, 2022 and 2021, respectively. Ad-valorem taxes typically change very little each year unless there is a reassessment or a change in millages. Program revenues consist of fees, charges and commissions for services as well as operating grants and contributions. Program revenues from fees, charges, and commissions for services funded 18% and 17% of operations for the years ended June 30, 2022 and 2021, respectively. Those revenues increased approximately \$475,000 or 3% as a result of increased revenues collected from the City-Parish government for feeding and housing prisoners (primarily out-of-parish prisoners). Grants and contributions comprised 3% and 6% of revenue for the years ended June 30, 2022 and 2021, respectively. Those revenues decreased approximately \$2,900,000 due to federal assistance in the prior year provided in response to the COVID-19 pandemic to cover eligible payroll costs.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

EXPENSES

The primary function of the Sheriff's Office is public safety activities. Therefore, all expenses are presented within this category on the Statement of Activities. To highlight certain components of this broad category of expenses, we offer the following analysis.

Personnel expenses decreased approximately \$14.5 million or 17%. The decreased personnel expenses are attributable to adjustments associated with the net pension asset and increased overtime associated with the COVID-19 pandemic during the prior year. Operating service expenses increased approximately \$3.9 million or 21%. This is primarily the result of increases in health care claims expense. Expenses for materials and supplies increased approximately \$901,000 or 14% as a result of increased out-of-parish prisoner maintenance costs as well as additional supplies. Transporting and other costs remained consistent year over year.

Financial Analysis of the Sheriff's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of approximately \$39.9 million and \$41.0 million at June 30, 2022 and 2021, respectively. The fund balance as of June 30, 2022 represents approximately 37% of annual expenditures. This level of fund balance is necessary to allow the Sheriff to sustain operations during periods of decreased revenues without having to obtain significant short or long-term borrowings to fund operations. The Sheriff's management team is monitoring the fund balance level to ensure it is maintained at an adequate level.

Budgetary Highlights

The General Fund — The original budget for the General Fund included anticipated revenues of approximately \$100.7 million and \$97.0 million for the years ended June 30, 2022 and 2021, respectively, an increase of approximately \$3.7 million from 2021 to 2022. For the fiscal year ended June 30, 2022, the budget was amended to reflect net changes among various revenue accounts for an increase totaling approximately \$903,000. This budget increase is attributable to higher revenues associated with grant revenues. The total actual revenues of \$102 million, as reported in the General Fund, was consistent with the amended budget.

The original budget for the General Fund included anticipated expenditures of approximately \$105 million and \$99.3 million for the years ended June 30, 2022 and 2021, respectively, an increase of approximately \$5.7 million from 2021 to 2022. For the year ended June 30, 2022, the budget was amended to reflect a decrease of approximately \$801,000 in anticipated expenditures. The total actual expenditures of \$106 million, as reported in the General Fund, were more than the amended budget by approximately \$1,988,444, primarily due to higher than expected prisoner costs.

Overall, the net change (decrease) in fund balance for the year ended June 30, 2022 of \$1.3 million was consistent with the amended budget.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets

The Sheriff's investment in capital assets was \$18,762,012, net of accumulated depreciation of \$24,074,672 at June 30, 2022 and \$11,024,325 net of accumulated depreciation of \$21,868,994 at June 30, 2021. Under the Sheriff's capitalization policy, assets with a cost of \$5,000 or more are capitalized for purposes of financial reporting. All assets with a cost of \$500 or more, as well as certain assets with a cost of less than \$500, are inventoried and tracked. See Note 3 within the notes to the financial statements for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The following table provides a summary of capital asset categories:

	Capital Assets	
	(net of accumulated depreciation and amortization, where applicable)	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 68,566	\$ 68,566
Work-in-progress	652,697	204,800
Buildings	3,182,580	2,208,108
Vehicles	6,401,309	5,332,560
Office furniture & equipment	552,149	453,185
Law enforcement equipment	2,647,049	2,529,963
Telecommunications equipment	184,443	227,143
Right-of-use assets	5,073,219	-
Total capital assets	<u>\$ 18,762,012</u>	<u>\$ 11,024,325</u>

At June 30, 2022 and 2021, the depreciable capital assets for governmental activities were 57% and 67% depreciated, respectively.

Long-term liabilities

The Sheriff has no long-term bonded debt or borrowings outstanding at June 30, 2022. Other long-term liabilities consisted of total other post-employment benefits liability of \$59,217,991; general liability and auto claims payable of \$5,300,000, compensated absences of \$7,956,583, and the lease liability of \$5,151,058 as of June 30, 2022. These long-term liabilities decreased approximately \$48.6 million in total from June 30, 2021 primarily as a result of changes in actuarial assumptions and investment performance which resulted in a net pension asset of \$3.3 at June 30, 2022 from a net pension liability of \$45.3 million at June 30, 2021.

Economic Conditions and Budgets of Future Periods

In setting the fiscal year 2023 General Fund budget, property tax, and grant revenues were projected to remain consistent with actual revenues for 2022. Some declines in fees and charges are projected. Expenditures are also expected to remain consistent with actual 2022 expenditures..

Contacting the Sheriff's Financial Management

This financial report is designed to provide a general overview of the Sheriff's finances, comply with laws and regulations related to finance, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Sheriff's Office, David Yellott, Chief Financial Officer, at (225) 389-8970 or email at dyellott@ebrso.org.

EAST BATON ROUGE PARISH SHERIFF

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Cash	\$ 42,120,923
Receivables	1,412,697
Due from other governments	1,696,113
Other	1,225,647
Capital assets not being depreciated:	
Land	68,566
Work-in-progress	652,697
Capital assets, net of depreciation	18,040,749
Net pension asset	3,347,354
Total assets	<u>68,564,746</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension contributions	6,008,653
Deferred outflow amounts related to total other post-employment benefits	12,019,898
Deferred outflow amounts related to pension asset	11,746,524
Total deferred outflows of resources	<u>29,775,075</u>

LIABILITIES

Accounts payable and accrued liabilities	3,090,969
Health claims payable	2,875,000
Due to others	593,100
Long-term liabilities:	
Due in one year:	
Compensated absences payable	4,769,071
Total other post-employment benefit liability	2,100,000
Lease liability	1,272,164
Due in more than one year:	
Compensated absences payable	3,187,512
General liability and auto claims payable	5,300,000
Lease liability	3,878,894
Total other post-employment benefit liability	57,117,991
Total liabilities	<u>84,184,701</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow amounts related to total other post-employment benefits	10,553,925
Deferred inflow amounts related to pension asset	35,550,420
Total deferred inflows of resources	<u>46,104,345</u>

NET POSITION

Net investment in capital assets	13,610,954
Restricted	3,699,248
Unrestricted	(49,259,427)
Total net deficit	<u>\$ (31,949,225)</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Program Revenues			
	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
Governmental Activities:					
Public Safety	\$ 100,773,987	\$ 19,296,318	\$ 455,214	\$ 3,066,298	\$ (77,956,157)
Interest	194,518	-	-	-	(194,518)
Total Governmental Activities	\$ 100,968,505	\$ 19,296,318	\$ 455,214	\$ 3,066,298	(78,150,675)
General revenues:					
Ad valorem taxes					74,865,211
State grants not restricted to specific programs					4,053,764
Interest income					226,611
Contributions not restricted to specific programs					3,120,164
Other					1,181,247
Total general revenues					83,446,997
Change in net position					5,296,322
Net position - beginning					(37,245,547)
Net position - ending					\$ (31,949,225)

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF

Baton Rouge, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>General Fund</u>	<u>Non-Major Canteen Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 41,321,863	\$ 387,582	\$ 41,709,445
Cash restricted	411,478	-	411,478
Receivables	1,412,697	-	1,412,697
Due from other governments	1,696,113	-	1,696,113
Other	1,194,106	31,541	1,225,647
Total assets	<u>\$ 46,036,257</u>	<u>\$ 419,123</u>	<u>\$ 46,455,380</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 3,087,150	\$ 3,819	\$ 3,090,969
Health claims payable	2,875,000	-	2,875,000
Due to others	593,100	-	593,100
Total liabilities	<u>6,555,250</u>	<u>3,819</u>	<u>6,559,069</u>
<u>FUND BALANCE</u>			
Restricted	351,894	-	351,894
Committed	-	415,304	415,304
Assigned	14,030,000	-	14,030,000
Unassigned	25,099,113	-	25,099,113
Total fund balances	<u>39,481,007</u>	<u>415,304</u>	<u>39,896,311</u>
Total liabilities and fund balances	<u>\$ 46,036,257</u>	<u>\$ 419,123</u>	<u>\$ 46,455,380</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances for governmental funds at June 30, 2022	\$ 39,896,311
Total Net Position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Total capitalized cost, net of \$24,074,672 accumulated depreciation and amortization:	18,762,012
Long-term liabilities at June 30, 2022:	
Total other post-employment benefits liability	(59,217,991)
Claims payable - general liability and auto	(5,300,000)
Compensated absences payable	(7,956,583)
Lease liability	(5,151,058)
Pension liabilities, deferred inflows and deferred outflows of resources:	
Net pension asset	3,347,354
Deferred inflows related to pension asset	(35,550,420)
Deferred outflows related to other post employment benefits	12,019,898
Deferred outflows related to pension asset	17,755,177
Deferred inflows related to other post employment benefits	<u>(10,553,925)</u>
Total Net Position of governmental activities at June 30, 2022	<u>\$ (31,949,225)</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

<u>REVENUES</u>	<u>General Fund</u>	<u>Non-Major Canteen Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 74,865,211	\$ -	\$ 74,865,211
Intergovernmental revenues:			
Federal grants and other financial assistance	2,248,316	-	2,248,316
State grants	744,876	-	744,876
State supplemental pay	3,361,627	-	3,361,627
State revenue sharing	692,137	-	692,137
Fees, charges, and commissions for services:			
Civil and criminal fees	7,487,878	-	7,487,878
Court attendance	97,206	-	97,206
Transporting prisoners	227,028	-	227,028
Feeding and keeping prisoners	6,705,592	-	6,705,592
Sales of merchandise	-	66,083	66,083
Fines and forfeitures	117,705	-	117,705
Narcotics seizures	600,786	-	600,786
Other	3,538,513	455,527	3,994,040
Interest income	225,798	813	226,611
Donations	528,320	-	528,320
Miscellaneous	969,140	225,880	1,195,020
Total Revenues	<u>102,410,133</u>	<u>748,303</u>	<u>103,158,436</u>
 <u>EXPENDITURES</u>			
Public safety:			
Personnel services and related benefits	72,289,412	-	72,289,412
Operating services	14,612,685	416,475	15,029,160
Materials and supplies	7,264,413	106,508	7,370,921
Transporting and other charges	2,036,957	26,997	2,063,954
Debt service:			
Principal	1,092,322	-	1,092,322
Interest	194,518	-	194,518
Capital outlay	8,768,137	-	8,768,137
Total Expenditures	<u>106,258,444</u>	<u>549,980</u>	<u>106,808,424</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 (3,848,311)	 198,323	 (3,649,988)
 Other financing sources:			
Lease proceeds	2,367,110	-	2,367,110
Sale of fixed assets	143,291	-	143,291
Total other financing sources	<u>2,510,401</u>	<u>-</u>	<u>2,510,401</u>
Net change in fund balance	(1,337,910)	198,323	(1,139,587)
 FUND BALANCE AT BEGINNING OF YEAR	 <u>40,818,917</u>	 <u>216,981</u>	 <u>41,035,898</u>
FUND BALANCE AT END OF YEAR	<u>\$ 39,481,007</u>	<u>\$ 415,304</u>	<u>\$ 39,896,311</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS'
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balance for year ended June 30, 2022, \$ (1,139,587)
per Statement of Revenues, Expenditures and Changes in Fund Balances

The change in net position reported for governmental activities in the
Statement of Activities is different because:

Governmental funds report capital asset purchases as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated useful
lives and reported as depreciation expense.

Purchases of capital assets	5,808,857	
Addition of right of use assets	6,243,380	
Depreciation expense	(2,782,525)	
Right of use asset amortization	(1,170,161)	
Net book value of capital assets disposed	<u>(361,864)</u>	7,737,687

Excess of compensated absences earned over compensated absences taken 564,938

Governmental funds report debt proceeds as other financing sources. However, in the
Statement of Activities, this debt is recorded as a liability. Likewise, in the
governmental funds, principle payments are reported as an expenditure, but in the
Statement of Activities, its reported as a reduction in liabilities.

Lease liabilities incurred	(6,243,380)
Principal payments on lease obligations	1,092,322

Change in general and auto claims payable (2,437,500)

Net change in other post-employment benefits liability and deferred inflows/outflows of resources (2,309,242)

Net change in pension liability and deferred inflows/outflows of resources 8,031,084

Total change in Net Position for year ended June 30, 2022, per Statement of Activities \$ 5,296,322

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	<u>Sheriff's Fund</u>	<u>Prison Inmate Fund</u>	<u>Tax Collector Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,211,120	\$ 248,019	\$ 4,730,855	\$ 3,888,603	\$ 18,078,597
Receivables	115,256	-	7,890	27	123,173
Total assets	<u>\$ 9,326,376</u>	<u>\$ 248,019</u>	<u>\$ 4,738,745</u>	<u>\$ 3,888,630</u>	<u>\$ 18,201,770</u>
<u>LIABILITIES</u>					
Due to taxing bodies and others:					
Due to taxing bodies	\$ -	\$ -	\$ 2,200,033	\$ -	\$ 2,200,033
Due to individuals and other organizations	7,878,580	248,019	-	-	8,126,599
Total Liabilities	<u>7,878,580</u>	<u>248,019</u>	<u>2,200,033</u>	<u>-</u>	<u>10,326,632</u>
<u>NET POSITION</u>					
Restricted for individuals and other governments	<u>\$ 1,447,796</u>	<u>\$ -</u>	<u>\$ 2,538,712</u>	<u>\$ 3,888,630</u>	<u>\$ 7,875,138</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Sheriff's Fund	Prison Inmate Fund	Tax Collector Fund	Evidence Fund	Total
<u>REVENUES</u>					
Deposits:					
Suits, successions, etc.	\$ 17,147,275	\$ -	\$ -	\$ -	\$ 17,147,275
Garnishments	13,332,179	-	-	-	13,332,179
Surety bonds	627,791	-	-	-	627,791
Taxes, fees, etc. paid to tax collector	-	-	507,611,584	-	507,611,584
Interest on investments	-	-	1,045,665	-	1,045,665
Other Additions					
Prisoner deposits	-	676,728	-	-	676,728
Evidence cash received	-	-	-	1,185,437	1,185,437
Total additions	<u>31,107,245</u>	<u>676,728</u>	<u>508,657,249</u>	<u>1,185,437</u>	<u>541,626,659</u>
<u>EXPENSES</u>					
Taxes, fees, etc. distributed					
to taxing bodies and others	-	-	508,694,762	-	508,694,762
Payments to litigants, etc.	28,838,823	-	-	-	28,838,823
Fees to other entities	356,116	-	-	-	356,116
Surety bond refunds	2,286,487	-	-	-	2,286,487
Refunds to released inmates and prisoner program disbursements	-	676,728	-	-	676,728
Authorized program disbursements	-	-	-	926,160	926,160
Total deductions	<u>31,481,426</u>	<u>676,728</u>	<u>508,694,762</u>	<u>926,160</u>	<u>541,779,076</u>
Net increase (decrease) in fiduciary net position	(374,181)	-	(37,513)	259,277	(152,417)
<u>NET POSITION, BEGINNING</u>	<u>1,821,977</u>	<u>-</u>	<u>2,576,225</u>	<u>3,629,353</u>	<u>8,027,555</u>
<u>NET POSITION, ENDING</u>	<u>\$ 1,447,796</u>	<u>\$ -</u>	<u>\$ 2,538,712</u>	<u>\$ 3,888,630</u>	<u>\$ 7,875,138</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the East Baton Rouge Parish Sheriff (Sheriff) serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

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

A. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE STATEMENTS:

The statement of net position and the statement of activities display information about the primary government. They include all of the non-fiduciary type funds of the reporting entity, which are considered to be governmental activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore are clearly identifiable to a particular function. Program revenues are derived directly from fees and charges paid by the recipient of services offered by the Sheriff and grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS:

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

The Sheriff reports the following major governmental fund:

General Fund

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

The Sheriff reports the following non-major governmental fund:

Special Revenue Fund

Special Revenue Funds account for the proceeds of restricted or committed revenue sources. The Canteen Fund accounts for the operation of the prison commissary which is funded through sales of goods and services to prisoners.

Additionally, the Sheriff reports a fiduciary fund type as follows:

Custodial Funds

The custodial funds are used as depositories for civil suits, cash bonds, ad-valorem taxes collected, fees, evidence seized, prisoner deposits, et cetera. Disbursements from these funds are made to various local government agencies, litigants in suits, detainees, et cetera, in the manner prescribed by law. These funds are custodial in nature.

B. **REPORTING ENTITY**

GASB Codification Section 2100 sets forth the definition of the reporting entity.

For financial reporting purposes, the Sheriff includes all funds, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As such, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's Office that are paid or provided by the city-parish council as required by Louisiana law, the Sheriff is fiscally independent and is financially accountable to no other entity. As required by generally accepted accounting principles, the financial statements of the reporting entity include only those of the East Baton Rouge Parish Sheriff (the primary government). There are no component units to be included in the Sheriff's reporting entity.

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

The Government-Wide Financial Statements (GWFS) and fiduciary fund statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Sheriff gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied and enabling legislation occurred making the funds available from the grantor. Fiduciary funds record expenses when compelled to disburse.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all property tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Revenues from grants, entitlements, and donations are considered available if it's probable that the revenues will be collected within six months after year end. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGET PRACTICES

The proposed budget for the year ended June 30, 2022, was made available for public inspection and comments from taxpayers at the Sheriff's office on June 9, 2021. A public hearing was held on the proposed budget at least 10 days after publications of the call of the hearing. The proposed budget was published in the official journal ten days prior to the public hearing, which was held at the Sheriff's Office on June 29, 2021 for the comments from taxpayers. The budget was legally adopted and amended, as necessary, by the Sheriff.

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

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget presented in the accompanying budgetary comparison schedule includes the originally adopted budget and the final budget which includes all subsequent amendments.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts, interest-bearing demand deposits, and money market accounts. Under state law, the Sheriff may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, the Sheriff may invest in United States bonds, treasury notes, U.S. Agency obligations or investment grade commercial paper. These are classified as investments if their original maturity exceeds 90 days.

F. CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated fixed assets are recorded as capital assets at their acquisition value at the date of donation. The Sheriff maintains a threshold level of \$5,000 or more for capitalizing assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Capital assets are recorded in the Statement of Net Position and depreciation thereon within the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	Estimated Useful Lives
Buildings and Improvements	40
Vehicles	5
Office Furniture and Equipment	5 - 15
Law Enforcement Equipment	7 - 10
Telecommunications Equipment	10 - 15

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. LEASES

The Sheriff is a lessee under noncancellable lease agreements for a variety of purposes and uses, including office space, facilities, and vehicles. In accordance with GASB Statement No. 87, *Leases*, the Sheriff recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. Lease liabilities are recorded for lease contracts with an initial individual value that is material to the financial statements and with lease periods greater than one year.

At the commencement of a lease, the Sheriff initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to calculate the present value of expected lease payments, (2) lease term, and (3) lease payments.

- The Sheriff uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the Sheriff uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms includes the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The Sheriff monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

H. COMPENSATED ABSENCES

Employees of the Sheriff's Office earn from 16 to 22 hours of paid time off (PTO) every 28 days of uninterrupted full-time employment. Maximum accrual of PTO is 1,040 hours, depending upon length of service. During the year ended June 30, 2010, the Sheriff discontinued the accrual of sick leave. The unused sick leave was transferred to PTO to the extent that the transfer did not cause accumulated PTO to exceed 1,040 hours. The remaining sick leave that could not be transferred will be available for the respective employees to use. However, upon termination, accumulated sick leave that was not transferred to PTO, will not be paid out. Upon termination of employment, employees are paid for accrued but unused PTO up to 300 hours.

Law enforcement employees receive overtime compensation for compensable hours worked in excess of 171 hours in a 28-day work period. Non-law enforcement employees receive overtime compensation for compensable hours worked in excess of 40 hours during a 7-day work week. Exempt employees are not compensated for overtime unless in the case of emergency response as approved by the Sheriff. As a condition of employment with the Sheriff's Office, nonexempt employees receive compensatory time (CT), at the rate of time and a half, in lieu of immediate cash payment for overtime. CT is time off with full pay and benefits (insurance, pension, and accrual of PTO). A maximum of 480 hours of CT may be accumulated for law enforcement personnel. A maximum of 240 hours of CT may be accumulated by non-law enforcement personnel.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. COMPENSATED ABSENCES (continued)

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken or paid upon termination. The cost of leave privileges not requiring current resources is reported as a liability in the Statement of Net Position. As such, all accumulated CT and up to 300 hours of PTO is accrued as a liability in the Statement of Net Position.

I. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable – represent permanently nonspendable balances that are not expected to be converted to cash.

Spendable

Restricted – represent balances where constraints have been established by external parties or by enabling legislation.

Committed – represent balances where constraints have been established by formal action of the Sheriff.

Assigned – represent balances where informal constraints have been established by the Sheriff or his delegate, but that are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

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

J. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, disclosure of contingent assets, 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.

K. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. PENSION PLANS

The East Baton Rouge Parish Sheriff's Office is a participating employer in the Louisiana Sheriffs' Pension and Relief Fund (Fund) as described in Note 7. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fund, and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the Plan.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and as such will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 7 for additional information on deferred outflows of resources related to defined benefit pension plans and Note 8 for additional information on deferred outflows of resources related to other post-employment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenues) until that time. See Note 7 for additional information on deferred inflows of resources related to defined benefit pension plans and Note 8 for additional information on deferred inflows of resources related to other post-employment benefits.

N. NEWLY ADOPTED ACCOUNTING STANDARD

The Sheriff has implemented GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised.

While GASB 87 resulted in the recording of assets and liabilities that were not previously recognized, and changes to the accounting for lease payments and collections, there were no effects to beginning net position or fund balances as a result of this statement's implementation. Beginning with the implementation in the current fiscal year, lease payments are accounted for as repayment of debt principal and interest, and lease collections are accounted for as collection of receivables.

2. PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY TAXES (continued)

The Sheriff, by State Law (LRS 33:1435), is the official tax collector of general property taxes levied by the Parish. Taxes collected are distributed to the various taxing authorities, including the Sheriff's General Fund on a monthly basis.

The 2021 property tax calendar is as follows:

Levy date:	November 15, 2021
Millage rates adopted:	November 15, 2021
Tax bills mailed:	November 24, 2021
Due date:	December 31, 2021
Lien date:	January 1, 2022

State Law requires the Sheriff to collect property taxes in the calendar year in which the levy is made. Property taxes become delinquent January 1st of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181).

The following is a summary of authorized and levied property taxes:

	<u>Authorized</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Expiration</u> <u>Date</u>
Special law enforcement	4.36	4.36	None
Additional special law enforcement	6.90	6.90	12/31/2033*
Special law enforcement	3.73	3.73	12/31/2030

*As approved by voters in December 2022.

3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<u>Cost</u>				
Land	\$ 68,566	\$ -	\$ -	\$ 68,566
Work-in-progress	204,800	652,697	(204,800)	652,697
Buildings	4,220,331	1,215,838	-	5,436,169
Vehicles	18,756,712	2,934,450	(1,806,275)	19,884,887
Office furniture and equipment	2,242,971	265,675	(29,329)	2,479,317
Law enforcement equipment	6,903,061	740,197	(68,468)	7,574,790
Telecommunications equipment	496,878	-	-	496,878
Right-of-use assets-land and buildings	-	2,125,379	-	2,125,379
Right-of-use assets-vehicles	-	4,118,001	-	4,118,001
Total	<u>32,893,319</u>	<u>12,052,237</u>	<u>(2,108,872)</u>	<u>42,836,684</u>
Accumulated Depreciation and Amortization	<u>(21,868,994)</u>	<u>(3,952,686)</u>	<u>1,747,008</u>	<u>(24,074,672)</u>
Total Capital Assets (net)	<u>\$ 11,024,325</u>	<u>\$ 8,099,551</u>	<u>\$ (361,864)</u>	<u>\$ 18,762,012</u>

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

3. CAPITAL ASSETS (continued)

For the year ended June 30, 2022, depreciation expense was \$2,782,525 and amortization expense on right-of-use assets was \$1,170,161.

4. CASH AND CASH EQUIVALENTS

At June 30, 2022, the Sheriff has cash and cash equivalents consisting solely of deposits in financial institutions. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Custodial credit risk is the risk that an entity may fail to receive its deposits upon failure of a financial institution. To protect against such risks, the market values of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Standby letters of credit from federally sponsored lending institutions can also be used to protect against this risk. At June 30, 2022, the deposits are not exposed to custodial credit risk as a result of an adequate level of pledged securities, standby letters of credit and FDIC insurance. The Sheriff does not maintain a separate custodial credit risk policy.

5. RECEIVABLES

Receivables at June 30, 2022 are as follows:

Feeding, keeping and transporting prisoners	\$ 697,732
Grant revenue	207,334
Fees, charges and commissions	353,905
Other	153,726
	<u>\$ 1,412,697</u>

6. RESTRICTED ASSETS AND NET POSITION

Restricted cash held in the general fund of \$411,478 represents funds received from grants, narcotic seizures, litigation settlements, and amounts received under Act 942. These amounts are held in these accounts until disbursements are properly authorized. Included in the restricted net position is \$351,894 which represents these same funds received less amounts due to others at June 30, 2022. Also, included in restricted net position is the balance of the net pension asset of \$3,347,354, which is described in Note 7 of the financial statements.

7. PENSION PLAN

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

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. **PENSION PLAN** (continued)

Plan Description

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

Cost of Living Provisions

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

Funding Policy

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2022, the actual employer contribution rate was 12.25%. Employer contributions for the year ended June 30, 2022 were \$6,008,653. In accordance with state statute, the Fund receives ad valorem taxes, insurance premium taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense. Non-employer contributions for the year ended June 30, 2022 were \$3,120,164.

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

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

At June 30, 2021, the Sheriff reported an asset of \$3,347,354 for its proportionate share of the net pension liability/asset of the Louisiana Sheriffs' Pension and Relief Fund. The net pension asset was measured as of June 30, 2021. The Sheriff's proportion of the net pension asset was based on actual contributions to the plan for the year ended June 30, 2021. At June 30, 2021, the Sheriff's proportion was 6.7549%, which was an increase of 0.206% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Sheriff recognized pension expense of \$1,097,736.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. **PENSION PLAN** (continued)

At June 30, 2022, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 10,300,668	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(30,228,018)
Difference between expected and actual experience	-	(4,660,902)
Changes in proportion	1,442,588	(604,833)
Difference in contributions	3,268	(56,667)
Employer contributions subsequent to the measurement date	6,008,653	-
Total	\$ 17,755,177	\$ (35,550,420)

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

The Sheriff reported a total of \$6,008,653 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

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

Year	LSPRF
2023	\$ (4,807,734)
2024	(4,486,175)
2025	(5,458,401)
2026	(9,051,586)
	\$ (23,803,896)

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. **PENSION PLAN** (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	5 years
Investment Rate of Return	6.90%, net of investment expense
Projected salary increases	5.0% (2.50% inflation, 2.50% merit)
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 120% for males and 115% for females for active members, each with full generational projection using the appropriate MP2019 scale Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 120% for males and 115% for females for annuitants and beneficiaries, each with full generational projection using the appropriate MP2019 scale Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 120% for males and 115% for females for disabled annuitants, each with full generational projection using the appropriate MP2019 scale

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

7. **PENSION PLAN** (continued)

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Securities	62%	7.08%	4.39%
Fixed Income	25%	1.44%	0.36%
Alternative Investments	13%	4.38%	0.57%
Total	<u>100%</u>		<u>5.32%</u>
Inflation			<u>2.55%</u>
Expected Arithmetic Nominal Return			<u>7.87%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Retirement Systems' Actuarial Committee (PRSAC) taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSPRF			
Rates	5.90%	6.90%	7.90%
EBRSO Share of NPL (Asset)	\$36,753,597	(\$3,347,354)	(\$36,778,758)

Amounts Payable to Pension Plans

The Sheriff had no significant amounts due to the Retirement System at June 30, 2022.

8. **OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

General Information about the OPEB Plan

Plan description – The East Baton Rouge Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The East Baton Rouge Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

General Information about the OPEB Plan (continued)

Benefits Provided – Medical and life insurance benefits are provided to employees upon actual retirement. Retirees with less than twenty years of service at retirement pay 100% of the blended medical premium, while a reduced schedule based on the blended premiums applies to retirees with twenty or more years of service at retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 15 years of service.

Life insurance coverage is continued to retirees based on a blended rate for active employees and retirees. The retiree pays 100% of the "cost" of the retiree's life insurance after retirement but that "cost" is based on the blended active/retired rate and there is thus an additional implied subsidy.

Employees covered by benefit terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	117
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	823
	<hr/>
	940

Total OPEB Liability

The Sheriff's total OPEB liability of \$59,217,991 was measured as of July 1, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	2.16% annually (beginning of year to determine ADC) 3.54% annually (as of end of year measurement date)
Healthcare cost trend rates	5.5% annually for ten years, 4.5% thereafter
Mortality	RP-2014 as modified for Louisiana, without projection
Remainig service lives	6 years

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of ongoing evaluations of the assumptions from July 2, 2008 to June 20, 2022.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 69,533,820
Changes for the year:	
Service cost	1,593,119
Interest	1,480,430
Differences between expected and actual experience	(2,298,542)
Changes of assumptions	(9,100,017)
Benefit payments and net transfers	(1,990,819)
Net changes	(10,315,829)
Balance at June 30, 2022	\$ 59,217,991

The amount of total OPEB liability due and payable within one year is \$2,100,000.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1.0% Decrease (2.54%)	Current Discount Rate (3.54%)	1.0% Increase (4.54%)
Total OPEB Liability	\$ 71,568,097	\$ 59,217,991	\$ 49,685,300

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

	1.0% Decrease (4.5%)	Current Healthcare Cost Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 50,884,415	\$ 59,217,991	\$ 70,112,646

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

For the year ended June 30, 2022, the Sheriff recognized OPEB expense of \$2,309,242. At June 30, 2022, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,711,667	\$ 2,025,887
Changes in assumption and other inputs	6,308,231	8,528,038
Total	\$ 12,019,898	\$ 10,553,925

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(continued)

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

<u>Year Ending June 30,:</u>		
2023	\$	1,226,509
2024		1,226,509
2025		1,226,508
2026		(493,685)
2027		(1,874,061)
Thereafter		154,193
	\$	<u>1,465,973</u>

9. TAXES PAID UNDER PROTEST

Amounts held in escrow for protested taxes at June 30, 2022, were \$2,538,712, consisting of taxes paid under protest, plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Fiduciary Fund.

10. RISK MANAGEMENT

A. Accounting for Risk

In accordance with Section C50 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, the Sheriff accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting. Claims paid under the Sheriff's self-insurance risk program are recorded as expenditures against the General Fund.

B. Risk Management – Workers Comp, Auto, General Liability

At June 30, 2022, the Sheriff was a defendant in multiple lawsuits in the ordinary course of business. These suits, arising from various claims involving worker's compensation issues, automobile accidents (subject to \$100,000 or a \$200,000 deductible), police misconduct, general liability (subject to \$25,000/\$100,000/\$200,000 plus a \$100,000/\$200,000/\$400,000 corridor deductible) and others are mostly covered through private insurance policies. However, the Sheriff is exposed for certain uninsured claims and deductibles. An estimate of \$5,300,000 has been accrued in the financial statements to account for claims and deductibles not covered through insurance that have been incurred and likely be paid, based on estimates of the Sheriff's legal counsel. Based upon the opinion of the Sheriff's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the Sheriff.

C. Risk Management – Employee Health

The Sheriff assumes the risk of all medical and pharmacy claims of participants in its employee health plan up to \$175,000 per individual, with an insurance policy covering the claims in excess of that amount. For duty related claims, the excess policy is limited to \$2,000,000 per individual per year. The excess policy also covers the aggregate of claims below \$150,000 in excess of the annual attachment point, up to a \$1,000,000 limit. For the year ended June 30, 2022, the minimum annual attachment point was \$13,071,010.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

10. RISK MANAGEMENT (continued)

C. Risk Management – Employee Health (continued)

The Sheriff is exposed to various risks of loss related to health insurance for its employees. The Sheriff does not report risks covered by excess insurance as liabilities unless it is probable that those claims are denied. Settlements did not materially exceed excess insurance coverage for the year. Claims activity and the estimated claims incurred but not paid at year-end are as follows:

Unpaid claims as of July 1, 2021	\$	2,050,000
Current year claims incurred and changes in estimates		11,529,445
Claims paid		<u>(10,704,445)</u>
Unpaid claims as of June 30, 2022	\$	<u><u>2,875,000</u></u>

The above unpaid claims as of June 30, 2022, include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

11. COMPENSATED ABSENCE LIABILITY

At June 30, 2022, employees of the Sheriff have accumulated and vested \$7,956,583 of employee leave benefits according to the Sheriff's PTO policy, which were computed in accordance with GASB Codification Section C60. The following is a summary of the compensated absence liability activity during the year:

		<u>Compensated</u> <u>Absences</u>
Balance as of July 1, 2020	\$	8,521,521
Additions (amounts earned)		5,012,430
Deductions (amounts paid)		<u>(5,577,368)</u>
Balance as of June 30, 2021	\$	<u><u>7,956,583</u></u>

The compensated absence liability is reported in the statement of net position as follows:

Compensated absences - due within one year	\$	4,769,071
Compensated absences - due in more than one year		<u>3,187,512</u>
Total compensated absences	\$	<u><u>7,956,583</u></u>

12. INTERFUND TRANSACTIONS

There were no interfund transactions noted to have occurred during the current fiscal year.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

13. LEASE OBLIGATIONS

The Sheriff leases various facilities and vehicles. These leases range in terms from 3 to 40 years, with various renewal options available, and payment terms vary in both frequency and amounts. In accordance with GASB Statement No. 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease term for each agreement. As of June 30, 2022, the combined value of the lease liabilities was \$5,151,058. In determining the present values, discount rates of 2% to 7% were applied, depending on the duration of the lease agreement and other factors. The recorded value of the right-to-use assets as of the end of the current fiscal year was \$6,243,380 and accumulated amortization of these asset was \$1,170,161. The future principal and interest lease payments as of June 30, 2022, are as follows:

<u>Year Ending June 30,:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,241,310	\$ 200,388	\$ 1,441,698
2024	1,148,178	148,206	1,296,384
2025	843,456	102,694	946,150
2026	414,890	73,287	488,177
2027	179,656	60,874	240,530
2028 - 2032	744,226	189,356	933,582
2033 - 2037	143,490	102,638	246,128
2037 - 2041	186,545	66,196	252,741
2041 - 2045	151,850	28,150	180,000
2046 - 2051	97,457	1,480	98,937
	<u>\$ 5,151,058</u>	<u>\$ 973,269</u>	<u>\$ 6,124,327</u>

The lease agreements have non-appropriation exculpatory clauses that allow lease cancellation if the Government does not make an appropriation for its continuation during any future fiscal period. However, such clauses were disregarded in determining the term of the lease for the purpose of measuring the lease assets and liabilities.

14. SHORT-TERM DEBT

Short-term debt provides financing for the Sheriff's governmental activities. On October 28, 2021, the Sheriff entered into a revenue anticipated note with a local bank with an issue amount of \$6,000,000 at a rate not to exceed 6% per annum. The debt was issued for interim financing of general fund operations. On February 2, 2022 the Sheriff repaid the note plus \$5,252 in interest.

15. TAX REVENUES ABATED

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years.

For applications made after June 24, 2016 but before July 1, 2018, the program abates local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site for up to eight years. Applications to exempt qualified property for five years are approved by the individual local taxing entities whose taxes are being abated. The exemption may be renewed for an additional three years at 80% abatement. For the fiscal year ending June 30, 2022, approximately \$4,000,000 of the Sheriff's ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Tax Exemption program.

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

16. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts, salaries and other payables as of June 30, 2022, were as follows:

Vendors	\$	1,139,132
Salaries and benefits		1,951,837
Total accounts payable and accrued liabilities	\$	3,090,969

17. GOVERNMENTAL FUND BALANCE

Details of the fund balance categories at year-end are as follows:

	General Fund	Canteen Fund
Restricted for:		
State Law Act 942	\$ 351,894	\$ -
Committed to:		
Prisoner Services	-	415,304
Assigned to:		
Special Projects	14,030,000	-
Total Constrained Fund Balance	14,381,894	415,304
Unassigned Fund Balances	25,099,113	-
Total Fund Balance	\$ 39,481,007	\$ 415,304

18. SUBSEQUENT EVENTS

The Recreation and Park Commission for the Parish of East Baton Rouge (“BREC”) v. Sid J. Gautreaux, III, in his capacity as Sheriff of East Baton Rouge Parish (the “Sheriff”), Case No. C-725439, Section 21, has been filed in the 19th Judicial District Court on November 7, 2022. In accordance with Louisiana R.S. 11:82, each sheriff, or other officials responsible for tax collections, deduct amounts certified by the Louisiana Legislative Auditor, and remit those amounts to the appropriate retirement systems. The lawsuit asserts that the very statute requiring this transaction is unconstitutional or is being unconstitutionally applied as these deductions include amounts taken from dedicated taxes. The Sheriff intends to continue to deduct from tax collections and remit to the appropriate retirement systems amounts certified by the Legislative Auditor, except BREC’s portion will be deposited with the court, to be held there until the dispute is resolved. The outcome of this lawsuit is not predictable as of the date these financial statements are available for distribution. However, Management of the Sheriff’s Office believes that if BREC prevails, it will significantly affect the current process of tax collections and settlements, but there would be little or no claim against the Sheriff’s assets.

REQUIRED
SUPPLEMENTARY INFORMATION

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final
	Original	Final		Budget Positive (Negative)
<u>REVENUES</u>				
Ad valorem taxes	\$ 76,540,000	\$ 74,900,000	\$ 74,865,211	\$ (34,789)
Intergovernmental revenues:				
Federal grants	520,000	1,720,000	2,248,316	528,316
State grants	100,000	700,000	744,876	44,876
State supplemental pay	3,580,000	3,378,000	3,361,627	(16,373)
State revenue sharing	692,000	692,000	692,137	137
Fees, charges, and commissions for services:				
Civil and criminal fees	7,175,000	7,274,000	7,487,878	213,878
Court attendance	95,000	95,000	97,206	2,206
Transporting prisoners	240,000	210,000	227,028	17,028
Feeding and keeping prisoners	6,780,000	6,210,000	6,705,592	495,592
Fines and forfeitures	170,000	130,000	117,705	(12,295)
Narcotics seizures and other	300,000	621,000	4,139,299	3,518,299
Interest income	203,000	280,000	225,798	(54,202)
Donations and miscellaneous	4,328,000	5,416,000	1,497,460	(3,918,540)
Total Revenues	<u>100,723,000</u>	<u>101,626,000</u>	<u>102,410,133</u>	<u>784,133</u>
<u>EXPENDITURES</u>				
Public safety:				
Personnel services and related benefits	75,641,000	72,791,000	72,289,412	501,588
Operating services	15,792,000	16,395,000	14,612,685	1,782,315
Materials and supplies	6,819,000	6,791,000	7,264,413	(473,413)
Travel and other charges	2,142,000	2,069,000	2,036,957	32,043
Debt Service				
Principal	-	-	1,092,322	(1,092,322)
Interest	-	-	194,518	(194,518)
Capital outlay	4,677,000	7,324,000	8,768,137	(1,444,137)
Total Expenditures	<u>105,071,000</u>	<u>105,370,000</u>	<u>106,258,444</u>	<u>(888,444)</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(4,348,000)	(3,744,000)	(3,848,311)	(104,311)
Other financing sources:				
Lease proceeds	-	-	2,367,110	2,367,110
Sale of fixed assets	200,000	160,000	143,291	(16,709)
Total other financing sources	<u>200,000</u>	<u>160,000</u>	<u>2,510,401</u>	<u>2,350,401</u>
NET CHANGE IN FUND BALANCE	(4,148,000)	(3,584,000)	(1,337,910)	2,246,090
FUND BALANCE AT BEGINNING OF YEAR	<u>35,719,086</u>	<u>37,234,864</u>	<u>40,818,917</u>	<u>3,584,053</u>
FUND BALANCE AT END OF YEAR	<u>\$ 31,571,086</u>	<u>\$ 33,650,864</u>	<u>\$ 39,481,007</u>	<u>\$ 5,830,143</u>

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Financial Statement Reporting Date</u>	<u>Measurement Date</u>	<u>Service Cost</u>	<u>Interest</u>	<u>Difference between actual and expected experience</u>	<u>Changes of assumptions</u>	<u>Benefit Payments</u>	<u>Net change in Total OPEB Liability</u>	<u>Total OPEB Liability - Beginning</u>	<u>Total OPEB Liability - Ending</u>	<u>Covered Employee Payroll</u>	<u>Total OPEB Liability as a Percentage of Covered Employee Payroll</u>
June 30, 2022	June 30, 2022	\$ 1,593,119	\$ 1,480,430	\$ (2,298,542)	\$ (9,100,017)	\$ (1,990,819)	\$ (10,315,829)	\$ 69,533,820	\$ 59,217,991	\$ 51,491,213	115.0060%
June 30, 2021	June 30, 2021	\$ 1,595,510	\$ 1,305,351	\$ 7,821,255	\$ 461,027	\$ (1,429,932)	\$ 9,753,211	\$ 59,780,609	\$ 69,533,820	\$ 49,510,782	140.4418%
June 30, 2020	June 30, 2020	\$ 1,134,199	\$ 1,665,193	\$ 863,105	\$ 9,458,031	\$ (1,833,701)	\$ 11,286,827	\$ 48,493,782	\$ 59,780,609	\$ 46,724,545	127.9426%
June 30, 2019	June 30, 2019	\$ 860,214	\$ 1,744,758	\$ 89,926	\$ 1,734,362	\$ (2,039,318)	\$ 2,389,942	\$ 46,103,840	\$ 48,493,782	\$ 44,927,447	107.9380%
June 30, 2018	June 30, 2018	\$ 1,045,967	\$ 1,632,642	\$ (160,635)	\$ (1,374,096)	\$ (1,289,115)	\$ (145,237)	\$ 46,249,077	\$ 46,103,840	\$ 43,218,177	106.6770%

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2022 (*)

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	6.7549%	\$ (3,347,354)	\$ 49,120,229	-6.8146%	101.04%
2021	6.5490%	45,326,825	48,437,385	93.5782%	84.73%
2020	6.5015%	30,753,683	45,363,200	67.7943%	88.91%
2019	6.3029%	24,169,398	43,190,541	55.9599%	90.41%
2018	6.7168%	29,085,422	46,327,147	62.7827%	88.49%
2017	6.6509%	42,212,684	45,224,884	93.3395%	82.10%
2016	6.5089%	29,013,544	43,710,091	66.3772%	86.61%
2015	6.4226%	25,433,541	40,660,119	62.5516%	87.34%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS TO THE
SHERIFFS' PENSION AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2022

<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
2022	\$ 6,008,653	\$ 6,008,653	\$ -	\$ 49,050,229	12.2500%
2021	6,017,228	6,017,228	-	49,120,229	12.2500%
2020	5,933,580	5,933,580	-	48,437,388	12.2500%
2019	5,556,992	5,556,992	-	45,363,200	12.2500%
2018	5,506,794	5,506,794	-	43,190,541	12.7500%
2017	6,138,347	6,138,347	-	46,327,147	13.2500%
2016	6,218,416	6,218,416	-	45,224,844	13.7500%
2015	6,228,688	6,228,688	-	43,710,091	14.2500%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.

For reference only:

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

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

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

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

GENERAL BUDGET POLICIES

The Sheriff follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules

State statute requires budgets be adopted for the general fund and all special revenue funds.

Each year the chief administrative deputy prepares a proposed budget for the General and special revenue funds and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.

All budgetary appropriations lapse at the end of each fiscal year.

Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All budget revisions are approved by the Sheriff.

The budgets are prepared under the modified accrual basis of accounting.

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

No assets are accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 to pay related benefits.

Changes in benefit terms -

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

Changes of assumptions -

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

Discount Rate:			Mortality Table Used:	
Measurement				
Date	Rate	Change		
6/30/2022	3.540%	1.380%	6/30/2022	RP-2014 Mortality Table
6/30/2021	2.160%	-0.050%	6/30/2021	RP-2014 Mortality Table
6/30/2020	2.210%	-1.290%	6/30/2020	RP-2014 Mortality Table
6/30/2019	3.500%	-0.370%	6/30/2019	RP-2014 Mortality Table
6/30/2018	3.870%	0.290%	6/30/2018	RP-2000 Mortality Table
6/30/2017	3.580%			
Decline Rate:				
6/30/2022	25% decline coverage at retirement and an additional 75% decline coverage at age 65.			
6/30/2021	25% decline coverage at retirement and an additional 75% decline coverage at age 65.			
6/30/2020	25% decline coverage at retirement and an additional 75% decline coverage at age 65.			
6/30/2019	25% decline coverage at retirement and an additional 75% decline coverage at age 65.			
6/30/2018	N/A			

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED BENEFIT PENSION PLAN

Changes of assumptions -

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

Discount Rate:				Merit:			
Measurement				Measurement			
Year End	Date	Rate	Change	Year End	Date	Rate	Change
6/30/2022	6/30/2021	6.900%	-0.100%	6/30/2022	6/30/2021	2.500%	0.000%
6/30/2021	6/30/2020	7.000%	-0.100%	6/30/2021	6/30/2020	2.500%	-0.500%
6/30/2020	6/30/2019	7.100%	-0.150%	6/30/2020	6/30/2019	3.000%	0.100%
6/30/2019	6/30/2018	7.250%	-0.150%	6/30/2019	6/30/2018	2.900%	0.175%
6/30/2018	6/30/2017	7.400%	-0.100%	6/30/2018	6/30/2017	2.725%	0.100%
6/30/2017	6/30/2016	7.500%	-0.100%	6/30/2017	6/30/2016	2.625%	0.000%
6/30/2016	6/30/2015	7.600%	-0.100%	6/30/2016	6/30/2015	2.625%	-0.375%
6/30/2015	6/30/2014	7.700%		6/30/2015	6/30/2014	3.000%	

Investment Rate of Return:				Inflation Rate:			
Measurement				Measurement			
Year End	Date	Rate	Change	Year End	Date	Rate	Change
6/30/2022	6/30/2021	6.900%	-0.100%	6/30/2022	6/30/2021	2.500%	0.000%
6/30/2021	6/30/2020	7.000%	-0.100%	6/30/2021	6/30/2020	2.500%	0.000%
6/30/2020	6/30/2019	7.100%	-0.150%	6/30/2020	6/30/2019	2.500%	-0.100%
6/30/2019	6/30/2018	7.250%	-0.250%	6/30/2019	6/30/2018	2.600%	-0.175%
6/30/2018	6/30/2017	7.500%	-0.100%	6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	7.600%	-0.100%	6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	7.700%	0.000%	6/30/2016	6/30/2015	2.875%	-0.125%
6/30/2015	6/30/2014	7.700%		6/30/2015	6/30/2014	3.000%	

Salary Increases:			
Measurement			
Year End	Date	Rate	Change
6/30/2022	6/30/2021	5.000%	0.000%
6/30/2021	6/30/2020	5.000%	-0.500%
6/30/2020	6/30/2019	5.500%	0.000%
6/30/2019	6/30/2018	5.500%	0.000%
6/30/2018	6/30/2017	5.500%	0.000%
6/30/2017	6/30/2016	5.500%	0.000%
6/30/2016	6/30/2015	5.500%	-0.500%
6/30/2015	6/30/2014	6.000%	

OTHER SUPPLEMENTARY INFORMATION

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE EAST BATON ROUGE PARISH SHERIFF
FOR THE YEAR ENDED JUNE 30, 2022

East Baton Rouge Parish Sheriff, Sid J. Gautreaux, III

<u>Purpose:</u>	<u>Amount</u>
Salary	\$ 202,575
Act 123: LSCP compensation	12,891
Benefits - insurance	7,789
Benefits - retirement contribution	24,737
Benefits - medicare	3,043
Reimbursements	193
Registration fees	5,908
Conference travel	6,055
	<u>\$ 263,191</u>

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY (CASH BASIS)
YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Receipts From:		
<i>East Baton Rouge Clerk of Court - Civil Fees</i>	\$ 673,738	\$ 717,095
<i>East Baton Rouge District Attorney - Asset Forfeiture/Sale</i>	183,609	384,956
<i>Tangipahoa District Attorney's Office</i>	590	30,279
<i>Livingston Sheriff's Office - Asset Forfeiture/Sale</i>	-	1,351
Total Receipts	<u>\$ 857,937</u>	<u>\$ 1,133,681</u>

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY (CASH BASIS)
YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Beginning Balance of Amounts Collected	<u>\$ 12,447,682</u>	<u>\$ 12,133,576</u>
Add: Collections		
Civil Fees	13,835,244	23,182,294
Bond Fees	986,937	972,258
Asset Forfeiture/Sale	109,483	10,375
Pre-Trial Diversion Program Fees	26,310	33,362
Criminal Court Costs/Fees	521,366	499,466
Criminal Fines - Contempt	2,253	1,182
Criminal Fines - Other	395,106	383,325
Restitution	-	-
Probation/Parole/Supervision Fees	53	100
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	194	147
Interest Earnings on Collected Balances	37	415
Other	353,262	832,175
Subtotal Collections	<u>16,230,245</u>	<u>25,915,099</u>
Less: Disbursements to Governments and Nonprofits		
19th Judicial District Court Building Commission Fund, Court Costs & Fees	14,496	5,836
19th Judicial District Court Drug Lab, Court Costs & Fees	53,969	51,950
19th Judicial District Court Drug Treatment Program, Court Costs Fees	5,230	1,971
19th Judicial District Court Indigent Transcript Fund, Court Costs & Fees	33,523	28,866
19th Judicial District Court Judicial Expense Fund, Court Costs & Fees	35,500	30,016
19th Judicial District Court, Bond & Asset Forfeitures	28,103	1,704
19th Judicial District Court, Bond Fees	160,546	155,530
19th Judicial District Court, Court Costs & Fees	-	22
19th Judicial District Court, Criminal Fines	305,465	264,614
Allen Parish Sheriff's Office, Civil Fees	-	74
Ascension Parish Sheriff's Office, Civil Fees	216	389
Avoyelles Parish Sheriff's Office, Civil Fees	44	36
Baker City Court, Bond Fees	2,936	229
Baton Rouge City Court, Bond Fees	10,990	2,935

(Continued)

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY (CASH BASIS)
YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Beauregard Parish Clerk of Court, Civil Fees	-	60
Caddo Parish Sheriff's Office, Civil Fees	-	179
Calcasieu Parish Sheriff's Office, Civil Fees	-	17
City of Baker Police Department, Court Costs & Fees	-	75
City of Baton Rouge Police Dept., Court Costs & Fees	1,091	1,066
City of Baton Rouge, Bond Fees	447,076	-
City of Baton Rouge, Civil Fees	85,736	8,204
City of Zachary Police Department, Court Costs & Fees	75	-
District 6 Fire Protection District, Civil Fees	312	-
Division of Admin. State Uniform Payroll, Civil Fees	16,671	20,705
East Baton Rouge Clerk of Court, Bond & Asset Forfeitures	570	60
East Baton Rouge Parish Clerk of Court, Civil Fees	326,190	698,806
East Baton Rouge Clerk of Court, Court Costs and Fees	50,496	48,670
East Baton Rouge Clerk of Court, Criminal Fines	26,739	22,652
East Baton Rouge Parish Coroner, Court Costs & Fees	2,715	2,734
East Baton Rouge Parish Crime Stoppers, Court Costs & Fees	7,657	6,592
East Baton Rouge Parish District Attorney Pre-Trial Intervention Court, Costs & Fees	16,621	17,464
East Baton Rouge Parish District Attorney, Asset Forfeiture/Sale	760,554	155,729
East Baton Rouge Parish District Attorney, Bond & Asset Forfeitures	33,724	2,045
East Baton Rouge Parish District Attorney, Bond Fees	160,546	155,530
East Baton Rouge Parish District Attorney, Court Costs & Fees	66,763	56,636
East Baton Rouge Parish District Attorney, Court Fines	48,210	41,782
East Baton Rouge Parish Expert Witness, Court Costs & Fees	7,291	6,590
East Baton Rouge Parish Family Court, Filing Fees	16,980	16,200
East Baton Rouge Parish Jury Compensation Fund, Court Costs & Fees	44,209	39,993
East Baton Rouge Parish School Board, Civil Fees	2,918	3,836
East Baton Rouge Parish, Bond & Asset Forfeitures	22,483	1,363
East Baton Rouge Parish, Bond Fees	160,546	155,530
East Baton Rouge Public Defender Pre-Trial Intervention, Court Costs & Fees	13,098	13,927
East Feliciana Parish Sheriff's Office, Civil Fees	76	-
First City Court of New Orleans, Civil Fees	2	-
Iberville Parish Sheriff's Office, Civil Fees	-	83
Jefferson Parish Sheriff's Office, Civil Fees	270	420
Lafayette Parish Sheriff's Office, Civil Fees	-	200
Livingston Parish Sheriff's Office, Civil Fees	270	679
Louisiana Commission on Law Enforcement, Court Costs & Fees	25,713	25,666
Louisiana Community & Technical College, Civil Fees	-	2,542

(Continued)

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY (CASH BASIS)
YEAR ENDED JUNE 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Louisiana Court Appointed Special Advocates, Court Costs & Fees	19,380	16,635
Louisiana Dept. of Justice, Civil Fees	359,289	395,027
Louisiana Division of Probation & Parole, Court Costs & Fees	78	100
Louisiana Head & Spine Injury Fund, Court Costs & Fees	11,018	8,847
Louisiana Judicial College, Court Costs & Fees	1,621	1,413
Louisiana State Court Management & Information System, Court Costs & Fees	11,488	9,898
Louisiana State Police DPS - Court Costs & Fees	1,591	1,471
Louisiana State University Police, Court Costs & Fees	75	75
Louisiana State University, Civil Fees	-	475
Office of Motor Vehicles, Civil Fees	104	96
Orleans Parish Sheriff's Office, Civil Fees	720	150
Parish of East Baton Rouge Indigent Defender Fund, Court Costs & Fees	155,360	131,004
Point Coupee Parish Sheriff's Office, Civil Fees	-	99
Secretary of State, Civil Fees	-	50
St. John the Baptist Sheriff's Office, Civil Fees	-	35
St. Landry Parish Sheriff's Office, Civil Fees	-	32
St. Helena Parish Sheriff's Office, Civil Fees	44	-
St. James Parish Sheriff's Office, Civil Fees	11	-
St. Tammany Parish Sheriff's Office, Civil Fees	-	81
Tangipahoa Parish Sheriff's Office, Civil Fees	-	176
The Bail Bond Project, Bond Fees	184,750	136,500
West Baton Rouge Parish Clerk of Court, Civil Fees	138	-
West Baton Rouge Parish Sheriff's Office, Civil Fees	-	5
Zachary City Court, Bond Fees	2,700	5,800
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	452,357	495,059
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	1,920,765	3,458,807
Amounts "Self-Disbursed to Collecting Agency:		
Bond Fee	160,546	155,982
Civil	-	-
Criminal Court Costs/Fees	14,613	12,255
Criminal Fines - Contempt	-	-
Criminal Fines - Other	48,234	41,782
Service/Collection Fee	-	-
Asset Forfeiture/Sale	28,103	1,704

(Continued)

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY (CASH BASIS)
YEAR ENDED JUNE 30, 2022

	<u>First Six Month Period Ended 12/31/2021</u>	<u>Second Six Month Period Ended 6/30/2022</u>
Less: Disbursements to Individuals/3rd Party Collection		
Civil Fee Refunds	9,977,126	17,672,816
Bond Fee Refunds	189,899	104,575
Restitution Payments to Individuals	-	-
Other Disbursements to Individuals	7,721	2,156
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	<u>16,544,351</u>	<u>24,703,312</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 12,133,576</u>	<u>\$ 13,345,363</u> (Concluded)

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

Honorable Sid J Gautreaux, III
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements, and have issued our report thereon dated December 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Sid J Gautreaux, III
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the East Baton Rouge Parish Sheriff's (the Sheriff's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2022. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Sheriff complied, in all material respects, with the compliance requirements referred above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Sheriff and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Sheriff's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Sheriff's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sheriff's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Sheriff's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Sheriff's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Sheriff's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2022

EAST BATON ROUGE PARISH SHERIFF
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES	AMOUNTS PROVIDED TO SUBRECIPIENTS
<u>United States Department of Justice</u>				
<u>Direct Program:</u>				
<i>Office of Justice Programs:</i>				
Justice Assistance Grant 2018	16.738	2018-DJ-BX-0644	14,515	6,058
Justice Assistance Grant 2019	16.738	2019-DJ-BX-0482	7,432	7,432
Justice Assistance Grant 2020	16.738	2020-DJ-BX-0665	39,602	-
Justice Assistance Grant 2021	16.738	15PBJA-21-GG-01502-JAG3	57,830	-
Bulletproof Vest Partnership, 2020 Regular Solicitation	16.607	NIJ#: BA-3A00S-XT03	42,397	-
Bulletproof Vest Partnership, 2021 Regular Solicitation	16.607	BPV2021	43,608	-
Justice Assistance Grant CESF 2020	16.034	2020-VD-BX-0883	-	-
<i>Equitable Sharing Agreement & Certification Program:</i>				
Justice Funds	16.922	N/A	77,693	-
<u>Passed Through:</u>				
Justice Assistance Grant 2018, subrecipient of District Attorney	16.738	2018-DG-BX-0008	16,485	-
<u>Passed Through:</u>				
<i>Louisiana Commission on Law Enforcement and Administration of Criminal Justice:</i>				
Violent Crime Task Force	16.738	2018-DJ-01 6171	8,885	4,445
Targeting Violent Criminals	16.738	2018-DJ-01 6172	12,379	-
Multi-Jurisdictional Task Force	16.738	2017-DJ-01 5664	13,669	-
Multi-Jurisdictional Task Force	16.738	2018-DJ-01 6111	18,681	-
Crime Victims Unit	16.575	2018-VA-01/02/03/04 5963	100,931	-
Total United States Department of Justice			<u>454,106</u>	<u>17,935</u>
<u>United States Department of Transportation</u>				
<u>Passed Through:</u>				
<i>Louisiana Department of Public Safety and Corrections:</i>				
State and Community Highway Safety	20.600	1 2021-30-18	23,727	-
State and Community Highway Safety	20.607	2021-30-18	30,426	-
State and Community Highway Safety	20.616	1 2021-30-18	6,947	-
State and Community Highway Safety	20.600	1 2022-30-18	93,192	-
State and Community Highway Safety	20.607	2022-30-18	91,823	-
State and Community Highway Safety	20.616	1 2022-30-18	14,702	-
Total United States Department of Transportation			<u>260,816</u>	<u>-</u>
<u>United States Department of Homeland Security</u>				
<u>Passed Through:</u>				
<i>Governor's Office of Homeland Security & Emergency Preparedness:</i>				
High Intensity Drug Trafficking Areas Program	95.001	G20GC0001A	15,335	-
High Intensity Drug Trafficking Areas Program	95.001	G21GC0001A	91,804	-
High Intensity Drug Trafficking Areas Program	95.002	G22GC0001A	30,463	-
Port Security Grant 19	97.056	EMW2019PU00300	94,250	-
Port Security Grant 20	97.056	EMW2020PU00384	18,113	-
FEMA Disaster Grants - Public Assistance, IDA	97.036	FEMA-DR-4611	817,760	-
Total United States Department of Homeland Security			<u>1,067,725</u>	<u>-</u>
<u>United States Department of Housing and Urban Development</u>				
<u>Passed Through:</u>				
<i>City of Baton Rouge, Parish of East Baton Rouge</i>				
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - BH-Hot Team	14.231	E-20-MW-22-0002	5,070	-
			<u>5,070</u>	<u>-</u>
Total Expenditures			<u>\$ 1,787,717</u>	<u>\$ 17,935</u>

See accompanying notes to this schedule.

1 - Highway Safety Cluster - Total \$138,567

EAST BATON ROUGE PARISH SHERIFF

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Baton Rouge Parish Sheriff and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – INDIRECT COST RATE

The Sheriff has not negotiated an indirect cost rate. Also, the Sheriff elected not to use the 10% de minimis cost rate as allowed by 2 CFR 200.414 Indirect (F&A) costs.

NOTE C – Reconciliation to Financial Statements

The federal grant expenditures are reported within the various expenditure categories of the general fund and are not readily distinguishable to the Schedule of Expenditures of Federal Awards. However, revenue is generally recorded for these grants in an amount equal to allowable costs incurred and therefore the following reconciliation to reported federal grant revenue is provided:

Total expenditures per SEFA	\$ 1,787,717
FEMA revenues paid in excess of amounts obligated in a prior year	251,289
Revenue expended over collected for Equitable Sharing Program	221,802
Other prior year revenues expended in current year	<u>(12,492)</u>
Federal grants revenue per financial statements	<u>\$ 2,248,316</u>

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The East Baton Rouge Parish Sheriff was determined to be a low-risk auditee.

EAST BATON ROUGE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

EAST BATON ROUGE PARISH SHERIFF
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

EAST BATON ROUGE PARISH SHERIFF

REPORT TO MANAGEMENT

JUNE 30, 2022



EAST BATON ROUGE PARISH SHERIFF

REPORT TO MANAGEMENT

JUNE 30, 2022

December 30, 2022

The Honorable Sid Gautreaux and Management
East Baton Rouge Parish Sheriff
Baton Rouge, Louisiana

We have audited the financial statements of the East Baton Rouge Parish Sheriff's Office (EBRSO or Sheriff), for the year ended June 30, 2022 and have issued our report thereon dated December 30, 2022. As part of our audit, we considered the Sheriff's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on the financial statements. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of non-compliance, if any, to financial statements amounts. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control or expressing an opinion on compliance.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit and performing our agreed-upon procedures engagement, we became aware of matters that are opportunities to enhance certain matters in the future. Our comments are set forth below. This letter does not affect our reports dated December 30, 2022, on the financial statements of the EBRSO and the EBRSO's internal control over financial reporting.

2022-01 **Misappropriation**

Condition:

Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. Instances, or likely instances, of misappropriations were identified by the Sheriff and are described in Attachment A. These instances were reported to the Legislative Auditor.

Recommendation:

We commend the Sheriff's staff and his internal control process for detecting these instances and for taking corrective action. The Sheriff should remind his employees of their ethical responsibilities as public servants.

Management Response:

The East Baton Rouge Sheriff's Office (EBRSO) has a written ethics policy with zero tolerance for fraud by its employees. The EBRSO quickly uncovered the fraudulent scheme of the three former employees, fully investigated the situation, and stopped the fraud before it could become substantial in nature. The EBRSO will continue to review extra duty details, compare those to regular shifts worked by its employees, and quickly investigate any discrepancies as well as any tips from employees or the public. The three former employees noted in this comment were terminated from employment, arrested, and the EBRSO promptly notified the District Attorney of the 19th Judicial District, Louisiana Legislative Auditor's Office and its independent auditors of the purported misappropriation.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the Sheriff's staff for their patience and cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the East Baton Rouge Parish Sheriff and its management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville

Attachment A to Management Letter

The following 18 elements of the instances of misappropriation are presented below:

	Element of Comment	Sheriff Deputy	Sheriff Deputy	Sheriff Deputy
1	A general statement describing the fraud or misappropriation that occurred.	The employee was being paid for hours he did not actually work at an extra duty assignment.	The employee was being paid for hours he did not actually work at an extra duty assignment.	The employee was being paid for hours he did not actually work at an extra duty assignment.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Payroll fraud	Payroll fraud	Payroll fraud
3	The amount of funds or approximate value of assets involved.	approximately \$6,417.52	approximately \$911.66	approximately \$303.34
4	The department or office in which the fraud or misappropriation occurred.	Dillard's Department Store	Dillard's Department Store	Dillard's Department Store
5	The period of time over which the fraud or misappropriation occurred.	01/02/2022-05/20/2022	01/07/2022-05/28/2022	05/28/2022-06/01/2022
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Deputy/Uniform Patrol	Deputy/Uniform Patrol	Deputy/Corrections
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Sheriff Deputy	Sheriff Deputy	Sheriff Deputy
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No	No	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A	N/A	N/A
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	The matter was investigated by EBRSO.	The matter was investigated by EBRSO.	The matter was investigated by EBRSO.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The subject was arrested and booked on 06-06-2022.	The subject was arrested and booked on 06-06-2022.	The subject was arrested and booked on 06-27-2022.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes	Yes	Yes
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The subject was referred to PTI.	The subject was referred to PTI.	The subject was referred to PTI.
14	Has restitution been made or has an insurance claim been filed?	Unknown	Unknown	Unknown
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes	Yes	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes	Yes	Yes
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.			
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Extra duty detail supervisor is working with IT company to develop a tracking software that integrates with timekeeping of the EBRSO to do better real-time analysis of extra duty and regular time worked.	Extra duty detail supervisor is working with IT company to develop a tracking software that integrates with timekeeping of the EBRSO to do better real-time analysis of extra duty and regular time worked.	Extra duty detail supervisor is working with IT company to develop a tracking software that integrates with timekeeping of the EBRSO to do better real-time analysis of extra duty and regular time worked.

EAST BATON ROUGE PARISH SHERIFF
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2022



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To East Baton Rouge Sheriff's Office
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 31, 2022. The East Baton Rouge Sheriff's Office (the Sheriff) management is responsible for those C/C areas identified in the SAUPs.

The Sheriff has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2022

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *“no exception noted”* or for step 25 *“we performed the procedure and discussed the results with management”*. If not, then a description of the exception ensues.

A - Written Policies and Procedures

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

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

No exceptions noted.

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 exceptions noted.

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

No exceptions noted.

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 exceptions noted.

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

The Sheriff has written policies and procedures for Payroll/Personnel however, the policy does not specify (3) approval process for employees’ rate of pay or approval and maintenance of pay rate schedules.

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 exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

A - Written Policies and Procedures (continued)

- 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).

No exceptions noted.

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

No exceptions noted.

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

The Sheriff has written policies for Ethics, however, the policy does not specify (3) system to monitor possible ethics violations; (4) a requirement that documentation be maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

The Sheriff has written policies for Debt Service however, the policy does not specify (2) continuing disclosure/EMMA reporting requirements and (3) debt reserve requirements.

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

The East Baton Rouge Sheriff has written policies for Disaster Recovery/ Business Continuity; however, the policy does not specify (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates.

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

No exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

B - 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.

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the East Baton Rouge Sheriff's Office. As such, this procedure is not applicable.

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

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the East Baton Rouge Sheriff's Office. As such, this procedure is not applicable.

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

Procedure is not applicable to entities managed by a single elected official. The Sheriff is a single elected official who manages the East Baton Rouge Sheriff's Office. As such, this procedure is not applicable.

C - Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 64 bank accounts. Management identified the entity's two main operating accounts. No exceptions were noted as a result of performing this procedure.

**EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

C - Bank Reconciliations (continued)

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2021, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

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

Of the 5 bank accounts selected, 4 bank reconciliations had reconciling items that have been outstanding for more than 12 months. For 2 bank accounts, there was no documentation evidencing that these reconciling items were researched for proper disposition.

D - Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of 5 deposit sites. No exceptions were noted while performing this procedure.

From the listing provided, we selected all five deposit sites and performed the procedures below.

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:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 48 collection locations. No exceptions were noted while performing this procedure.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

D - Collections (excluding electronic funds transfers) (continued)

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees 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.

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

No exceptions noted.

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

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

D - Collections (excluding electronic funds transfers) (continued)

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

Due to the nature of the collections sequentially pre-numbered receipts are not used.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe 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 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

No exceptions noted.

E - 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).

The listing of locations that process payments for the fiscal period was provided and included 4 disbursement location. No exceptions were noted while performing this procedure.

From the listing provided, we selected all four payment processing location and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

For three of the four locations selected for testing no exceptions were noted. For one location the same employee who initiated the purchase was also responsible for making the purchase.

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

For three of the four locations selected for testing no exceptions were noted. For one location the same employee was involved in processing and approving the payment to the vendor.

- 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.

No exceptions noted.

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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted while performing this procedure.

From each of the locations, we randomly selected 5 disbursements and performed the procedures below.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

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

No exceptions noted.

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

For 10 of the 20 disbursements tested the same person was responsible for initiating the purchase order and approving the purchase order.

For 10 of the 20 disbursements tested the same person was responsible for processing the payment was also responsible for approving the payment.

For the 20 disbursements tested, the check signer was also responsible for mailing the payment.

F - 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.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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:

From the listing provided, we randomly selected 5 cards (4 credit cards and 1 fuel card) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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 for 4 of the 5 cards tested. For 1 card, there was no evidence of review.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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

No exceptions noted.

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

We randomly selected 10 transactions (or all transactions if less than 10) for 4 of the 5 cards selected in procedure #12 (1 fuel card excluded) and performed the specified procedures. Of the transactions tested, 3 did not have written documentation of the business/public purpose. Of the transactions tested, 2 did not contain documentation of the individuals participating in meals.

G - 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

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

No exceptions noted.

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

No exceptions noted.

H - 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:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions noted.

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

No exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

I - 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.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

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:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe 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.).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

I - Payroll and Personnel (continued)

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

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

No exceptions noted.

J - Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

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

No exceptions noted.

K - 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 State Bond Commission approval was obtained for each bond/note issued.

No exceptions noted.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

K - Debt Service (continued)

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

Not applicable. No bonds/notes outstanding at the end of the fiscal period.

L - Fraud Notice

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

The Sheriff had one instance where employees were charging fictitious payroll hours.

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

No exceptions noted.

M - Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedures and discussed the results with management, noting no exceptions.

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

We performed the procedures and discussed the results with management, noting no exceptions.

EAST BATON ROUGE PARISH SHERIFF
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

M - Information Technology Disaster Recovery/Business Continuity (continued)

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

We performed the procedures and discussed the results with management, noting no exceptions.

N - Sexual Harassment

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

**EAST BATON ROUGE PARISH SHERIFF
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2022**

Schedule B

The East Baton Rouge Parish Sheriff Office (The Sheriff) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Policies & Procedures

The Sheriff will develop/write new and/or amended existing policies and procedures as well as reemphasize existing policies and procedures where applicable to address the findings noted in this section by June 30, 2023.

Bank Reconciliations

The Sheriff will emphasize the need to document the researching of checks that were outstanding for 12 months or more.

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

The Sheriff has adopted policies and procedures stating that an annual assessment of the volume and risk, as well as mitigating controls over disbursements will be completed to determine the need to shift responsibilities to segregate duties further. The Sheriff will document his annual assessment of the volume and risk, as well as mitigating controls over non-payroll disbursements by June 30, 2023.

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

The Sheriff will emphasize the importance to document the business purpose of credit card transactions and to document the review of credit card statements.