

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

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The Honorable Michael Couvillon
Vermilion Parish Sheriff
Abbeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information, of the Vermilion Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Sheriff, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information on pages 44 through 49 be presented to supplement the basic financial statements. Such information, although, not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Sheriff has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The other supplementary information on pages 51 through 53 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 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 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 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 27, 2017

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Position
June 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Cash and interest bearing deposits | \$ 10,635,729 | \$ 269,803 | \$ 10,905,532 |
| Investments | 3,982,255 | - | 3,982,255 |
| Receivables | 1,577 | 46,496 | 48,073 |
| Due from other governmental units | 1,335,336 | - | 1,335,336 |
| Restricted assets: | | | |
| Inmate cash | - | 62,286 | 62,286 |
| Capital assets, net | 1,786,135 | 167,681 | 1,953,816 |
| Total assets | 17,741,032 | 546,266 | 18,287,298 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources- pensions | 2,614,584 | - | 2,614,584 |
| LIABILITIES | | | |
| Accounts payable | 207,470 | 39,255 | 246,725 |
| Contract Payable | 19,967 | - | 19,967 |
| Retainage Payable | 21,925 | - | 21,925 |
| Other accrued liabilities | 4,916 | - | 4,916 |
| Payable from restricted assets: | | | |
| Inmate deposits | - | 23,844 | 23,844 |
| Long-term liabilities: | | | |
| Net pension liability | 5,112,760 | - | 5,112,760 |
| Other post employment benefits payable | 3,399,040 | - | 3,399,040 |
| Total liabilities | 8,766,078 | 63,099 | 8,829,177 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources- pensions | 639,373 | - | 639,373 |
| NET POSITION | | | |
| Net investment in capital assets | 1,786,135 | 167,681 | 1,953,816 |
| Unrestricted | 9,164,030 | 315,486 | 9,479,516 |
| Total net assets | \$ 10,950,165 | \$ 483,167 | \$ 11,433,332 |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Balance Sheet
Governmental Fund
June 30, 2017

| | <u>General Fund</u> |
|------------------------------------|-------------------------|
| ASSETS | |
| Cash and interest bearing deposits | \$ 10,443,182 |
| Investments | 3,982,255 |
| Receivables | 1,577 |
| Due from other governmental units | <u>1,335,336</u> |
| Total assets | <u>\$ 15,762,350</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 104,307 |
| Contract Payable | 19,967 |
| Retainage Payable | 21,925 |
| Other accrued liabilities | <u>4,916</u> |
| Total liabilities | 151,115 |
| Fund balance: | |
| Unassigned | <u>15,611,235</u> |
| Total liabilities and fund balance | <u>\$ 15,762,350</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

| | | |
|--|--------------------|----------------------|
| Total fund balance for governmental fund | | \$ 15,611,235 |
| Capital assets, net | | 1,786,135 |
| Long-term liabilities | | |
| Net pension liability | \$ (5,112,760) | |
| Net OPEB obligation payable | <u>(3,399,040)</u> | (8,511,800) |
| Deferred outflows of resources related to net pension liability | | 2,614,584 |
| Deferred inflows of resources related to net pension liability | | (639,373) |
| Net position of the Group Insurance Self-Insurance Internal Service Fund | | <u>89,384</u> |
| Net position | | <u>\$ 10,950,165</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
Year Ended June 30, 2017

| | General Fund |
|---|-----------------|
| Revenues: | |
| Ad valorem taxes | \$ 3,105,180 |
| Intergovernmental revenues - | |
| Sales tax | 5,488,871 |
| State grants - state revenue sharing (net) | 206,726 |
| State supplemental pay | 537,225 |
| Law enforcement grant | 42,423 |
| Fees, charges, and commissions for services - | |
| Commissions on licenses, taxes, etc. | 74,404 |
| Fines and forfeitures | 149,882 |
| Civil and criminal fees | 366,436 |
| Court costs and attendance | 12,138 |
| Feeding, keeping, and transporting prisoners | 761,374 |
| Other | 195,430 |
| Investment earnings and losses | (24,406) |
| Total revenues | 10,915,683 |
| Expenditures: | |
| Current - | |
| Public safety: | |
| Personal services and related benefits | 7,011,900 |
| Operating services | 1,616,900 |
| Operations and maintenance | 1,365,840 |
| Capital outlay | 402,740 |
| Total expenditures | 10,397,380 |
| Excess of revenues over expenditures | 518,303 |
| Other financing sources (uses): | |
| Sale of equipment | 10,219 |
| Transfers out | (293,329) |
| Total other financing sources (uses) | (283,110) |
| Net change in fund balance | 235,193 |
| Fund balance, beginning | 15,376,042 |
| Fund balance, ending | \$15,611,235 |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2017

| | | |
|--|------------------|--------------------|
| Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance | | \$ 235,193 |
| Capital assets: | | |
| Capital outlay | \$ 402,740 | |
| Depreciation expense | <u>(434,445)</u> | (31,705) |
| Transactions involving capital assets: | | |
| Proceeds from sale of assets | (10,219) | |
| Insurance Proceeds | (3,180) | |
| Gain on disposal of assets | <u>10,664</u> | (2,735) |
| Long-term debt: | | |
| Increase in OPEB obligation | | (506,847) |
| Change in net position of the Internal service funds is reported with governmental activities | | 1,875 |
| The effect of recording net pension liability, deferred outflows of resources , and deferred inflows of resources as it relates to the net pension liability: | | |
| Increase in pension expense | (67,733) | |
| Nonemployer pension contribution revenue recognized | <u>312,921</u> | <u>245,188</u> |
| Total changes in net position for the year per Statement of Activities | | <u>\$ (59,031)</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Position
Proprietary Funds
June 30, 2017

| | <u>Business-type Activities Enterprise Fund</u> | <u>Governmental Activities Internal Service Fund</u> |
|---|---|--|
| ASSETS | | |
| Current assets: | | |
| Cash and interest bearing deposits | \$ 269,803 | \$ 192,547 |
| Other receivables | 46,496 | - |
| Restricted assets: | | |
| Inmate cash | <u>62,286</u> | <u>-</u> |
| Total current assets | 378,585 | 192,547 |
| Capital assets, net of accumulated depreciation | <u>167,681</u> | <u>-</u> |
| Total assets | <u>546,266</u> | <u>192,547</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 39,255 | - |
| Claims payable | - | 103,163 |
| Payable from restricted assets: | | |
| Inmate deposits | <u>23,844</u> | <u>-</u> |
| Total current liabilities | <u>63,099</u> | <u>103,163</u> |
| NET ASSETS | | |
| Net investment in capital assets | 167,681 | - |
| Unrestricted | <u>315,486</u> | <u>89,384</u> |
| Total net assets | <u>\$ 483,167</u> | <u>\$ 89,384</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

| | Business-type Activities Enterprise Fund | Governmental Activities Internal Service Fund |
|--------------------------------|---|---|
| | <u>Fund</u> | <u>Fund</u> |
| Operating revenues: | | |
| Charges for services | <u>\$ 120,023</u> | <u>\$ 1,443,057</u> |
| Operating expenses: | | |
| Depreciation | 43,949 | - |
| Commissary expenses | 45,368 | - |
| Self insurance expenses | <u>-</u> | <u>1,734,731</u> |
| Total operating expenses | <u>89,317</u> | <u>1,734,731</u> |
| Operating income (loss) | 30,706 | (291,674) |
| Non-operating revenues: | | |
| Interest income | <u>694</u> | <u>220</u> |
| Income (loss) before transfers | 31,400 | (291,454) |
| Transfers in | <u>-</u> | <u>293,329</u> |
| Change in net position | 31,400 | 1,875 |
| Net position, beginning | <u>451,767</u> | <u>87,509</u> |
| Net position, ending | <u>\$483,167</u> | <u>\$ 89,384</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

| | <u>Business-type Activities Enterprise Fund</u> | <u>Governmental Activities Internal Service Fund</u> |
|---|---|--|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 60,742 | \$ - |
| Receipts from interfund services provided | - | 1,443,057 |
| Payments to suppliers | <u>(33,116)</u> | <u>(1,734,731)</u> |
| Net cash provided (used) by operating activities | 27,626 | (291,674) |
| Cash flows from noncapital financing activities: | | |
| Transfers from other funds | - | 293,329 |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | (17,556) | - |
| Cash flows from investing activities: | | |
| Interest on investments | <u>694</u> | <u>220</u> |
| Net increase in cash and cash equivalents | 10,764 | 1,875 |
| Cash and cash equivalents, beginning of period | <u>321,325</u> | <u>190,672</u> |
| Cash and cash equivalents, end of period | <u>\$ 332,089</u> | <u>\$ 192,547</u> |

(continued)

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Cash Flows (continued)
Proprietary Funds
Year Ended June 30, 2017

| | Business-type Activities Enterprise Fund | Governmental Activities Internal Service Fund |
|--|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 30,706 | \$ (291,674) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 43,949 | - |
| Changes in assets and liabilities: | | |
| Increase in other receivables | (42,123) | - |
| Increase in accounts payable | 12,252 | - |
| Decrease in due to inmates | <u>(17,158)</u> | <u>-</u> |
| Net cash provided (used) by operating activities | <u>\$ 27,626</u> | <u>\$ (291,674)</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | |
| Cash and cash equivalents, beginning of period - | | |
| Cash and interest bearing deposits - unrestricted | \$ 257,545 | \$ 190,672 |
| Cash and interest bearing deposits -restricted | <u>63,780</u> | <u>-</u> |
| Total cash and cash equivalents | <u>321,325</u> | <u>190,672</u> |
| Cash and cash equivalents, end of period - | | |
| Cash and interest bearing deposits - unrestricted | 269,803 | 192,547 |
| Cash and interest bearing deposits -restricted | <u>62,286</u> | <u>-</u> |
| Total cash and cash equivalents | <u>332,089</u> | <u>192,547</u> |
| Net increase | <u>\$ 10,764</u> | <u>\$ 1,875</u> |

The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Fiduciary Funds
Statement of Fiduciary Net Assets and Liabilities
June 30, 2017

ASSETS

Assets:

Cash

\$ 454,096

LIABILITIES

Liabilities:

Due to others

\$ 454,096

The accompanying notes are an integral part of the basic financial statements.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

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

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

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

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The accounting and reporting policies of the Sheriff conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the industry audit guide, Audits of State and Local Governmental Units.

(1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds, account groups, activities, et cetera, that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, 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 parish police jury as required by Louisiana law, the Sheriff is financially independent.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of the local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units are considered separate reporting entities and issue financial statements separate from those of the parish Sheriff.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Sheriff as a whole. These statements include all funds of the reporting entity except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Sheriff and 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 include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into three categories: governmental, proprietary and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds and are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. The governmental fund of the Sheriff is considered to be a major fund. The funds of the Sheriff are described below:

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Governmental Fund -

General Fund - This fund is the primary operating fund of the Sheriff and it accounts for the operations of the Sheriff's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Proprietary Fund -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of the net income, financial position, and cash flows. The following is the Sheriff's proprietary fund type:

Enterprise Fund - The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to inmates on a continuing basis be financed or recovered primarily through charges; or (b) where the governing body has decided that periodic determination of revenues earned expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Sheriff applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Sheriff's enterprise fund is the Commissary fund.

Fiduciary Funds -

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Sheriff operations.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. When both restricted and unrestricted resources are available for use, it is the Sheriff's policy to use restricted resources first, then unrestricted resources as they are needed. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Cameron Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's compensation and pension fund contributions. Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Sheriff's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

VERMILLION PARISH SHERIFF
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Notes to Basic Financial Statements

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. See Note (2) for other disclosures.

E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Sheriff as an extension of formal budgetary integration in the funds.

H. Bad Debts

Uncollectible amounts due for accounts receivable are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivables. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at June 30, 2017.

I. Capital Assets

Capital assets, which include buildings, furniture, fixtures, equipment, and vehicles, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|--------------------|-------------------------------|
| Computer equipment | 3 |
| Vehicles | 5 |
| Office furniture | 5-10 |
| Equipment | 5-10 |

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Annual and Sick Leave

All full-time employees of the Sheriff's earn from 10 to 15 days of annual leave, depending on their length of service. Full-time employees earn 8 hours sick leave per month actually worked. Sick leave accumulates from year to year, no monetary compensation is allowed at termination. The maximum days of sick leave an employee can accumulate are 31.25 days (250 hours). At June 30, 2017, the Sheriff has no accumulated and vested benefits relating to annual and sick leave, which requires accrual or disclosure to conform with generally accepted accounting principles.

K. Deferred Outflows of Resources and Deferred 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, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditures) until then.

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, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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Notes to Basic Financial Statements

L. Equity Classifications

In the government-wide statements, net position is displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Sheriff is the highest level of decision-making authority for the Vermilion Parish Sheriff's Office.

Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Under the Vermilion Parish Sheriff Office's adopted policy, only the Sheriff may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Sheriff considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Sheriff has provided otherwise in its commitment or assignment actions.

M. Interfund Transactions

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

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash, Interest-Bearing Deposits, and Investments

A. Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

VERMILLION PARISH SHERIFF
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Notes to Basic Financial Statements

| | |
|--|----------------------|
| Bank balances | <u>\$ 11,284,655</u> |
| At June 30, 2017 the deposits are secured as follows: | |
| Insured | 500,000 |
| Uninsured and collateral held by the pledging bank, not in the Sheriff's name | <u>10,784,655</u> |
| Total | <u>\$ 11,284,655</u> |

B. Investments

At June 30, 2017, the Sheriff's investments (book balance) totaled \$3,982,255. The carrying amounts and approximate market values of investments are summarized as follows:

| Fund | Description | Interest Rate | Cost | Unrealized Gain/(Loss) | Reported Amount/ Fair Value |
|-----------------------------|--|--------------------|--------------------|---------------------------|--------------------------------------|
| Major governmental fund: | | | | | |
| General | U.S. Treasury and Federal Agency Securities | 0.875% - 2.875% | <u>\$4,052,157</u> | <u>\$ (69,902)</u> | <u>\$3,982,255</u> |

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Sheriff's debt type investments to this risk, using the segmented time distribution model is as follows:

| Description | Fair Value | Investment Maturities (in Years) | | | |
|---|--------------------|----------------------------------|--------------------|--------------------|-------------|
| | | Less than 1 | 1-5 | 6-10 | Over 10 |
| General Fund - U.S. Treasury and Federal Agency Securities | <u>\$3,982,255</u> | <u>\$ -</u> | <u>\$2,397,527</u> | <u>\$1,584,728</u> | <u>\$ -</u> |

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The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Sheriff will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Sheriff does not have custodial credit risk policies for investments. At June 30, 2017, the Sheriff held investments of \$3,982,255 of which the underlying securities are held by the counterparty's trust department, not in the Sheriff's name.

The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Sheriff has recurring fair value measurements of U.S. Treasury and Federal Agency Securities of \$3,982,255 and they are categorized as Level 1 inputs.

(3) Receivables

Receivables on the government-wide statement of net position consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------|----------------------------|-----------------------------|------------------|
| Interest | \$ 1,577 | \$ - | \$ 1,577 |
| Other receivables | - | 46,496 | 46,496 |
| Total | <u>\$ 1,577</u> | <u>\$ 46,496</u> | <u>\$ 48,073</u> |

(4) Due From Other Governmental Units

Due from other governmental units on the government-wide statement of net position consisted of the following:

| | |
|--|---|
| Sales tax receivable | Governmental Activities <u>\$ 1,096,383</u> |
| Prisoner housing, medical, transport, etc. | 62,293 |
| Other receivables | <u>176,660</u> |
| Total | <u>\$ 1,335,336</u> |

VERMILLION PARISH SHERIFF
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Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity was as follows:

| | <u>Balance</u> <u>06/30/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/17</u> |
|---|-----------------------------------|--------------------|---------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 187,122 | \$ 231,536 | \$ 187,122 | \$ 231,536 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 278,002 | 218,173 | - | 496,175 |
| Jail addition | 645,167 | - | - | 645,167 |
| Equipment and vehicles | <u>6,371,878</u> | <u>140,154</u> | <u>176,569</u> | <u>6,335,463</u> |
| Totals | <u>7,482,169</u> | <u>589,863</u> | <u>363,691</u> | <u>7,708,341</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 195,054 | 8,643 | - | 203,697 |
| Jail addition | 369,279 | 27,926 | - | 397,205 |
| Equipment and vehicles | <u>5,097,261</u> | <u>397,876</u> | <u>173,833</u> | <u>5,321,304</u> |
| Total accumulated depreciation | <u>5,661,594</u> | <u>434,445</u> | <u>173,833</u> | <u>5,922,206</u> |
| Governmental activities, capital assets, net | <u>\$ 1,820,575</u> | <u>\$ 155,418</u> | <u>\$ (189,858)</u> | <u>\$ 1,786,135</u> |
| | <u>Balance</u> <u>06/30/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/17</u> |
| Business-type activity: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings | \$ 191,409 | \$ - | \$ - | \$ 191,409 |
| Equipment | <u>366,471</u> | <u>17,556</u> | <u>-</u> | <u>384,027</u> |
| Totals | <u>557,880</u> | <u>17,556</u> | <u>-</u> | <u>575,436</u> |
| Less accumulated depreciation | | | | |
| Buildings | 176,657 | 4,725 | - | 181,382 |
| Equipment | <u>187,149</u> | <u>39,224</u> | <u>-</u> | <u>226,373</u> |
| Total accumulated depreciation | <u>363,806</u> | <u>43,949</u> | <u>-</u> | <u>407,755</u> |
| Business-type activity, capital assets, net | <u>\$ 194,074</u> | <u>\$ (26,393)</u> | <u>\$ -</u> | <u>\$ 167,681</u> |

Depreciation expense was charged to the law enforcement governmental activity and to the commissary business-type activity in the amount of \$434,445 and \$43,949, respectively.

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Notes to Basic Financial Statements

(6) Pension Plan

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 Sheriffs' Pension and Relief Fund (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 are reported at fair value. The following is a description of the plan and its benefits and is provided for general information purposes only.

Plan Description: Employees of the Sheriff are provided with retirement benefits through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriff's offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association and the Sheriff's Pension and Relief Fund's office. The Fund issued a stand-alone audit report that can be obtained on the Legislative Auditor's website, www.la.la.gov.

Retirement Benefits for members who become eligible for membership on or before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

Retirement Benefits for members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service; the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was

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interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months in service was interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 115% of the preceding twelve-month period.

Deferred Retirement Benefits: The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

Back Deferred Retirement Option Plan (Back-DROP): In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

Disability Benefits: A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor's Benefits: Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving

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spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

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

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 13.75% with an additional -0% allocated from the Funding Deposit Account. Employer proportionate share of contributions for the year ended June 30, 2016 was \$757,190

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 in the amount of \$312,921 and excluded from pension expense for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the Sheriff reported a liability of \$5,112,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Sheriff's proportion was .805553%, which was an increase of .011651% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Sheriff recognized pension expense of \$788,441 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$2,906.

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At June 30, 2017, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experiences | \$ - | \$ 536,272 |
| Changes of assumptions | 417,697 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,280,492 | - |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 192,883 | 103,101 |
| Employer contributions subsequent to the measurement date | 723,512 | - |
| Total | \$2,614,584 | \$ 639,373 |

Deferred outflows of resources of \$723,512 related to pensions resulting from the Sheriff's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended | | |
|-------------------------|--|--------------|
| 6/30/2018 | | \$ 148,412 |
| 6/30/2019 | | 148,412 |
| 6/30/2020 | | 521,393 |
| 6/30/2021 | | 395,137 |
| 6/30/2022 | | 19,170 |
| 6/30/2023 | | 19,175 |
| Total | | \$ 1,251,699 |

Contributions – Proportionate Share: Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

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Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 7 years |
| Investment Rate of Return | 7.6%, net of investment expense |
| Discount Rate | 7.5% per annum |
| Projected Salary Increases | 5.5% (2.875% inflation, 2.65 % merit) |
| Mortality | RP-2000 Combined Healthy with Blue Collar Adjustment Sec Distinct Table for active members, healthy annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. |

The mortality rate assumptions were set after reviewing an experience study performed over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

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 returns by the target asset allocation percentage and by adding expected inflation.

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Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2016 were as follows:

| Asset Class | Expected Rate of Return | | |
|------------------------------------|-------------------------|------------------------------|---|
| | Target Asset Allocation | Real Return Arithmetic Basis | Long-term Expected Real Rates of Return |
| Equity Securities | 60% | 6.4% | 3.90% |
| Bonds | 25 | 1.9 | 0.5 |
| Alternative Investments | 15 | 4.3 | 0.6 |
| Cash and Cash Equivalents | - | - | - |
| Totals | <u>100%</u> | <u>-</u> | <u>5.0%</u> |
| Inflation | | | <u>2.7</u> |
| Expected Arithmetic Nominal Return | | | <u><u>7.7%</u></u> |

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the 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 presents the employer's proportionate share of the net pension liability using the discount rate of 7.5%, as well as what the employer's proportionate share of the net pension liability 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:

| | 1.0% Decrease <u>6.5%</u> | Current Discount Rate <u>7.5%</u> | 1.0% Increase <u>8.5%</u> |
|---|------------------------------|---|------------------------------|
| Employer's proportionate share of the net pension liability | \$8,674,319 | \$5,112,760 | \$2,173,116 |

(7) Taxes Paid Under Protest

At June 30, 2017, there are no taxes paid under protest.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

(8) Litigation and Claims

At June 30, 2017, there is no pending litigation against the Vermilion Parish Sheriff.

(9) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Sheriff recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Sheriff's future cash flows. Because the Sheriff is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description: The Sheriff's medical/dental and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 15 years of service.

Life insurance coverage is continued to retirees by election and the blended rate for active employees and retirees. The employer pays for life insurance of \$10,000 after retirement for retirees and the retirees may elect to continue insurance amounts above \$10,000 after retirement. However, the rates for both are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Based on past experience, we have assumed that 75% of retirees continue the higher insurance amounts into retirement. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy: Until 2009, the Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017, the Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$176,269. This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Annual Required Contribution: The Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by standards) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

| | |
|------------------------------------|-------------------|
| Normal Cost | \$ 292,833 |
| 30-year UAAL amortization amount | <u>441,851</u> |
| Annual required contribution (ARC) | <u>\$ 734,684</u> |

Net Post-employment Benefit Obligation (Asset): The table below shows the Sheriff's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2017:

| | |
|--|---------------------|
| Annual required contribution | \$ 734,684 |
| Interest on net OPEB obligation | 115,688 |
| Adjustment to annual required contribution | <u>(167,256)</u> |
| Annual OPEB cost (expense) | 683,116 |
| Current year retiree premium | <u>(176,269)</u> |
| Increase in net OPEB obligation | 506,847 |
| Net OPEB obligation - beginning of year | <u>2,892,193</u> |
| Net OPEB obligation - end of year | <u>\$ 3,399,040</u> |

The following table shows the Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for 2017, 2016, and 2015:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|--|------------------------|
| 06/30/17 | \$ 683,116 | 25.8% | \$ 3,399,040 |
| 06/30/16 | \$ 594,364 | 31.1% | \$ 2,892,193 |
| 06/30/15 | \$ 577,039 | 29.7% | \$ 2,482,629 |

Funded Status and Funding Progress: In 2017, the Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$7,946,205 which is defined as that portion, as determined by a particular actuarial cost method (the Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

| | |
|---|---------------------|
| Actuarial accrued liability (AAL) | \$ 7,946,205 |
| Actuarial valuation of plan assets (AVP) | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 7,946,205</u> |
| Funded ratio (AVP/AAL) | 0% |
| Covered payroll (active plan members) | \$ 5,348,868 |
| UAAL as a percentage of covered payroll | 148.56% |

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method: The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets: There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards.

Turnover Rate: An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%.

Post employment Benefit Plan Eligibility Requirements: It is assumed that employees retire four years after the earliest eligibility to retire as described in the section above entitled "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate): The investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate: The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

Mortality Rate: The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits: The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility. We have therefore estimated the "unblended" rates for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. Unblended rates were provided and used for retirees after Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

(10) Risk Management

A. Commercial Insurance Coverage

The Sheriff is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering automobile liability, medical payments, uninsured motorist, and collision; surety bond coverage; and marine liability. In addition to the above policies, the Sheriff maintains a public official's liability policy and a law enforcement policy. No claims were paid, which exceeded the policies' coverage amount, on any of the policies during the past three years.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

B. Group Self- Insurance

Effective March 1, 2015, the Sheriff established a risk management program for its group health and life insurance coverage and accounts for it in the Self Insurance Fund. Both the employer and employees' share of premiums are paid into this fund and are available to pay claims and administrative costs. Interfund premiums are based primarily upon the insured fund's number of participants.

The Sheriff adopted the provisions of GASB Statement No.10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. As required by the standard, a reconciliation of claims liabilities is shown below. For the year ended June 30, 2017, the claims liability of \$103,163 was reported in the Self Insurance Fund. The claims liability is based on the requirements of GASB Statement No.10, which are that a liability for claims be reported as of the financial statement date if information prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Reconciliation of Claims Liabilities

| | 2017 | 2016 |
|--------------------------|-------------|------------|
| Unpaid claims, beginning | \$ 103,163 | \$ 9,226 |
| Claims incurred | (1,280,813) | (983,476) |
| Claims payments | 1,280,813 | 1,077,413 |
| Unpaid claims, ending | \$ 103,163 | \$ 103,163 |

Claims payable of \$103,163 at June 30, 2017 consisted of claims incurred prior to June 30, 2017 and paid in July, 2017 through August, 2017.

(11) Ex-officio Tax Collector

The amount of cash on hand in the tax collector account at June 30, 2016 consists of the following:

Payments received in June and disbursed in July were for:

| | |
|-------------------------|------------|
| Federal revenue sharing | \$ 652 |
| Occupational licenses | 720 |
| Ad Valorem taxes | 191,319 |
| Total | \$ 192,691 |

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

The amount of taxes collected for the year ended June 30, 2017 by the taxing authority is as follows:

| | |
|---|----------------------|
| Abbeville Harbor & Terminal | \$ 419,866 |
| Abbeville Hospital | 70 |
| Abrom Kaplan Memorial Hospital | 464,298 |
| Assessment District | 864,211 |
| Consolidated Gravity #2 | 287,241 |
| Consolidated Gravity Drainage District #1 | 524,006 |
| Coulee Baton | 82,573 |
| Coulee Des Jone Drainage District | 259,549 |
| Coulee Kinney | 872,660 |
| Gravity Drainage District #2 | 373,862 |
| Gueydan Gravity Drainage | 601,586 |
| Gueydan Memorial Guest Home | 230,929 |
| Isle Maronne | 264,426 |
| Louisiana Department of Agriculture | 1,716 |
| Louisiana Tax Commission | 32,395 |
| 7th Ward Fire District | 294,795 |
| 7th Ward Gravity 2 Maint | 587,571 |
| Pecan Island Fire District #16 | 186,233 |
| Prairie Gregg | 936,075 |
| Teche Vermilion Fresh Water District | 465,152 |
| Twin Parish Port | 185,563 |
| Vermilion Parish Library | 1,438,148 |
| Vermilion Parish Police Jury | 5,476,236 |
| Vermilion Parish School Board | 13,078,338 |
| Vermilion Parish Sheriff's Office | 3,105,181 |
| Total | <u>\$ 31,032,680</u> |

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

For the year ended June 30, 2017, the taxes assessed and uncollected were due to delinquent taxes and movable property and the amounts are as follows:

| | Unpaid - Delinquent Taxes | Movable Property | Total |
|---|---------------------------------|---------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Abbeville Harbor & Terminal | \$ 612 | \$ 8,914 | \$ 9,526 |
| Abrom Kaplan Memorial Hospital | 993 | 21,038 | 22,031 |
| Assessment District | 723 | 8,598 | 9,321 |
| Consolidated Gravity #2 | 124 | 9,198 | 9,322 |
| Consolidated Gravity Drainage District #1 | (15) | 142 | 127 |
| Coulee Baton | 172 | 365 | 537 |
| Coulee Des Jonc Drainage District | 295 | (259) | 36 |
| Coulee Kinney | (28) | 612 | 584 |
| Gravity Drainage District #2 | 451 | (277) | 174 |
| Gueydan Sub Drainage District #5 | 348 | 3,927 | 4,275 |
| Gueydan Memorial Guest Home | 114 | 1,289 | 1,403 |
| Isle Maronne | 100 | 8,458 | 8,558 |
| 7th Ward Fire District | 48 | 3,210 | 3,258 |
| 7th Ward Gravity Drainage District 2 | 2,468 | 3,752 | 6,220 |
| Pecan Island Fire District #16 | 1,184 | - | 34,532 |
| Prairie Gregg | 1,172 | (1,128) | 44 |
| Teche Vermilion Fresh Water District | 387 | 4,629 | 5,016 |
| Twin Parish Port | (6) | 40 | 34 |
| Vermilion Parish Library | 1,205 | 16,086 | 17,291 |
| Vermilion Parish Police Jury | 5,207 | 59,395 | 64,602 |
| Vermilion Parish School Board | 10,952 | 130,111 | 141,063 |
| Vermilion Parish Sheriff's Office | 11,245 | 21,842 | 33,087 |
| Total | <u>\$ 37,751</u> | <u>\$ 299,942</u> | <u>\$ 371,041</u> |

(12) Occupational Licenses

Collections settled during the year for occupational licenses are as follows:

| | Collected | Settled | Unsettled |
|-----------------------------------|-------------------|-------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Vermilion Parish Police Jury | \$ 74,033 | \$ 74,033 | \$ - |
| Vermilion Parish Sheriff's Office | 419,522 | 419,522 | - |
| Total | <u>\$ 493,555</u> | <u>\$ 493,555</u> | <u>\$ -</u> |

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

(13) Expenditures of the Sheriff's Office paid by the Parish Police Jury

The cost of maintaining and operating the Sheriff's buildings, as required by statute, is paid by the Vermilion Parish Police Jury. These expenditures are not included in the accompanying financial statements.

(14) Compensation, Benefits, and Other Payment to Sheriff

A detail of compensation, benefits, and other payments paid the Sheriff Mike Couvillon for the year ended June 30, 2017 follows:

| <u>Purpose</u> | <u>Amount</u> |
|-------------------------|-------------------|
| Salary | \$ 159,540 |
| Benefits- Insurance | 7,895 |
| Benefits- Retirement | 21,139 |
| Benefits- Dental | 338 |
| Benfits- Life Insurance | 1,779 |
| Cell phone | 837 |
| Internet | 876 |
| Registration fees | 385 |
| Conference travel | <u>229</u> |
| Total | <u>\$ 193,018</u> |

(15) New Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement addresses accounting and financial reporting for postemployment benefits other than pensions that are provided to the employees of state and local government employers for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Sheriff for the year ended June 30, 2018. The effect of implementation on the Sheriff's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

| | Budget | | Actual | Variance |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Ad valorem taxes | \$ 3,325,000 | \$ 3,045,000 | \$ 3,105,180 | \$ 60,180 |
| Intergovernmental revenues - | | | | |
| Sales tax | 5,550,000 | 5,200,000 | 5,488,871 | 288,871 |
| State grants - state revenue sharing (net) | 200,322 | 206,727 | 206,726 | (1) |
| State supplemental pay | 600,000 | 592,000 | 537,225 | (54,775) |
| Law enforcement grant | 57,000 | 103,100 | 42,423 | (60,677) |
| Fees, charges, and commissions for services - | | | | |
| Commissions on licenses, taxes, etc. | 65,000 | 65,000 | 74,404 | 9,404 |
| Fines and forfeitures | 115,500 | 123,500 | 149,882 | 26,382 |
| Civil and criminal fees | 325,000 | 340,000 | 366,436 | 26,436 |
| Court costs and attendance | 12,000 | 12,000 | 12,138 | 138 |
| Feeding, keeping, and transporting prisoners | 877,500 | 813,000 | 761,374 | (51,626) |
| Other | 23,900 | 22,400 | 195,430 | 173,030 |
| Interest income | 25,000 | 25,000 | (24,406) | (49,406) |
| Total revenues | <u>11,176,222</u> | <u>10,547,727</u> | <u>10,915,683</u> | <u>367,956</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Public safety: | | | | |
| Personal services and related benefits | 7,213,620 | 6,972,640 | 7,011,900 | (39,260) |
| Operating services | 1,704,700 | 1,589,100 | 1,616,900 | (27,800) |
| Operations and maintenance | 1,586,100 | 1,319,206 | 1,365,840 | (46,634) |
| Capital outlay | 580,000 | 568,563 | 402,740 | 165,823 |
| Total expenditures | <u>11,084,420</u> | <u>10,449,509</u> | <u>10,397,380</u> | <u>52,129</u> |
| Excess of revenues over expenditures | <u>91,802</u> | <u>98,218</u> | <u>518,303</u> | <u>420,085</u> |
| Other financing sources (uses): | | | | |
| Sale of equipment | 8,000 | 7,035 | 10,219 | 3,184 |
| Transfers out | - | - | (293,329) | (293,329) |
| Total other financing sources(uses) | <u>8,000</u> | <u>7,035</u> | <u>(283,110)</u> | <u>(290,145)</u> |
| Net change in fund balance | 99,802 | 105,253 | 235,193 | 129,940 |
| Fund balance, beginning | <u>15,376,042</u> | <u>15,376,042</u> | <u>15,376,042</u> | <u>-</u> |
| Fund balance, ending | <u>\$15,475,844</u> | <u>\$15,481,295</u> | <u>\$15,611,235</u> | <u>\$ 129,940</u> |

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2017

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| July 01, 2016 | - | \$ 7,946,205 | \$7,946,205 | 0.0% | \$ 5,348,868 | 148.6% |
| July 01, 2013 | - | \$ 6,202,214 | \$6,202,214 | 0.0% | \$ 5,543,945 | 111.9% |
| July 01, 2011 | - | \$ 6,815,793 | \$6,815,793 | 0.0% | \$ 5,254,196 | 129.7% |

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

| * Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|---|--|--|---|--|
| 2017 | 0.805553% | 5,112,760 | 5,501,500 | 92.9% | 82.10% |
| 2016 | 0.793902% | 3,538,832 | 5,250,386 | 67.4% | 86.61% |
| 2015 | 0.760857% | 3,012,998 | 5,035,032 | 59.8% | 87.34% |

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

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Employer Contributions - Sheriff's Pension and Relief Fund
For the Year Ended June 30, 2017

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|------------------------|---|--|--|--|--|
| 2017 | 723,512 | 723,512 | - | 5,460,432 | 13.25% |
| 2016 | 756,462 | 756,462 | - | 5,501,500 | 13.75% |
| 2015 | 748,180 | 748,180 | - | 5,250,386 | 14.25% |

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budgets and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. The chief administrative deputy prepares a proposed budget for the general fund and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- B. 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.
- C. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- D. 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.
- E. All budgetary appropriations lapse at the end of each fiscal year.
- F. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

For the year ended June 30, 2017, expenditures did not exceed appropriations in the General Fund.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(2) Pension Plan

Changes of Benefit Terms -

There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions –

Amounts reported in fiscal year ended June 30, 2017 for Sheriff's Pension and Relief Fund reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the Sheriff was reduced by .1% to 7.5% as of the valuation date June 30, 2016. Other changes are as follows:

| | | |
|----------------------------------|---------------|---------------|
| Valuation Date | June 30, 2015 | June 30, 2016 |
| Investment Rate of Return | 7.7% | 7.6% |
| Expected Remaining Service Lives | 6 years | 7 years |

**OTHER SUPPLEMENTARY
INFORMATION**

STATE OF LOUISIANA, PARISH OF VERMILION

AFFIDAVIT

The Honorable Michael Couvillon, Sheriff of Vermilion Parish

BEFORE ME, the undersigned authority, personally came and appeared, Michael Couvillon, the Sheriff of Vermilion Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$192,691 is the amount of cash on hand in the tax collector account on June 30, 2017;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2016, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.

Michael Couvillon
Michael Couvillon,
Sheriff of Vermilion Parish

SWORN to and subscribed before me, Notary, this 31st day of OCTOBER 2017, in my office in Abbeville, Louisiana.

Jody G. Meany (Signature)
JODY G. MEANY (Print), # 40220
Notary Public
DEATH (Commission)

VERMILION PARISH SHERIFF
 Abbeville, Louisiana
 Agency Funds

Combining Balance Sheet
 June 30, 2017

| | Civil Fund | Tax Collector Fund | Bond Fund | Total |
|---------------------------------|------------------|--------------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash | <u>\$ 55,458</u> | <u>\$ 192,691</u> | <u>\$ 205,947</u> | <u>\$ 454,096</u> |
| LIABILITIES | | | | |
| Due to taxing bodies and others | <u>\$ 55,458</u> | <u>\$ 192,691</u> | <u>\$ 205,947</u> | <u>\$ 454,096</u> |

VERMILION PARISH SHERIFF
Abbeville, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2017

| | Civil Fund | Tax Collector Fund | Bond Fund | Total |
|---|------------------|--------------------------|-------------------|-------------------|
| Balances, beginning of year | \$ 51,020 | \$ 134,375 | \$ 290,417 | \$ 475,812 |
| Additions: | | | | |
| Deposits - | | | | |
| Sheriff's sales, suits, and seizures | 1,221,191 | - | - | 1,221,191 |
| Garnishments | 177,800 | - | - | 177,800 |
| Bonds | - | - | 40,473 | 40,473 |
| Fines, forfeitures and costs | 65,207 | - | 834,886 | 900,093 |
| Taxes, fees, etc., paid to tax collector | - | 32,618,405 | - | 32,618,405 |
| Interest | 105 | 81,609 | 782 | 82,496 |
| Total additions | <u>1,464,303</u> | <u>32,700,014</u> | <u>876,141</u> | <u>35,040,458</u> |
| Total | <u>1,515,323</u> | <u>32,834,389</u> | <u>1,166,558</u> | <u>35,516,270</u> |
| Reductions: | | | | |
| Taxes, fees, etc., distributed to taxing bodies and others | - | 23,042,750 | - | 23,042,750 |
| Deposits settled to - | | | | |
| State agencies | - | 34,055 | 12,934 | 46,989 |
| Sheriff's General Fund | 263,841 | 3,381,711 | 127,870 | 3,773,422 |
| Clerk of Court | 60,404 | - | 44,954 | 105,358 |
| Police Jury | - | 6,057,638 | 230,014 | 6,287,652 |
| District Attorney | - | - | 119,211 | 119,211 |
| Crime lab | - | - | 85,719 | 85,719 |
| Indigent defender board | - | - | 133,352 | 133,352 |
| Litigants, attorneys etc. | 888,991 | - | 52,658 | 941,649 |
| Other settlements | 4,782 | - | 29,119 | 33,901 |
| Other reductions | 241,847 | 125,544 | 124,780 | 492,171 |
| Total reductions | <u>1,459,865</u> | <u>32,641,698</u> | <u>960,611</u> | <u>35,062,174</u> |
| Balances, end of year | <u>\$ 55,458</u> | <u>\$ 192,691</u> | <u>\$ 205,947</u> | <u>\$ 454,096</u> |

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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*

The Honorable Michael Couvillon
Vermilion Parish Sheriff
Vermilion, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Vermilion Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated October 27, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Sheriff's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 27, 2017

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the Sheriff does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2017

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff determined that it is not cost effective to achieve complete segregation of duties within the accounting department. As such, management has determined that no plan is considered necessary.

2017-002

Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Sheriff does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2017

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Sheriff has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Sheriff to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

B. Compliance

There are no compliance findings to be reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of duties

CONDITION: The Sheriff did not have adequate segregation of duties within the accounting function.

RECOMMENDATION: The Sheriff determined that it is not cost effective to achieve complete segregation of duties within the accounting department. As such, management has determined that no plan is considered necessary.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Sheriff does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.

B. Compliance

There were no compliance findings reported.

VERMILION PARISH SHERIFF
(AS EX-OFFICIO TAX COLLECTOR)
Abbeville, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Michael Couvillon
Vermilion Parish Sheriff, and
The Louisiana Legislative Auditor

Retired

Conrad O. Chapman, CPA* 2006

We have performed the procedures enumerated below, which were agreed to by the management of Vermilion Parish Sheriff (Sheriff) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Sheriff's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Sheriff is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

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

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

Written policies and procedures were obtained and address the functions noted above; however, they do not address items (4) and (5).

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

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

- d) **Receipts**, including receiving, recording, and preparing deposits.

Written policies and procedures were obtained and address the functions noted above; however they do not address preparing deposits.

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

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

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

Written policies and procedures were obtained and do not address the functions noted above.

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above; however they do not address item (4).

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

Not applicable.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Not applicable.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank reconciliations do not include evidence that a member of management has reviewed the reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

For two of the five bank reconciliations tested, there was no evidence of documentation for reconciling items outstanding longer than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and address the functions noted above.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and address the functions noted above; however the reconciliation of cash collections to the general ledger is performed by a person who is also responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

5 collections tested were deposited 8 days after receipt.

5 collections tested were deposited 15 days after receipt.

1 collection tested was deposited 17 days after receipt.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and address the functions noted above.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Written policies and procedures were obtained and do not address the functions noted above for any of the locations tested.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases were initiated using a purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found that 1 purchase order was approved by the person who also initiated the purchase order.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements selected and found all payments were processed with proper approval, receiving report and approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written policies and procedures were obtained and do not address the functions noted above.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is in a locked location; however persons with signature authority have access to those checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained and randomly selected 10 cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]]

For 2 of the 10 cards tested, the person approving the purchase orders and requisitions was also the card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed for any of the cards tested.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

15 transactions did not have all original itemized receipts attached.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Monthly statements were obtained and address the functions noted above.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

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

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices were posted on the entity's premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the use of management of the Sheriff and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 4, 2017

MANAGEMENT'S RESPONSES



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December 4, 2017

1. b) While the VPSO does not have written policy and procedure currently in the operating manual, the VPSO has been operating under strict state approved guidelines/compliance concerning public bid law and documentation requirements. Furthermore, those operations will be added to the VPSO written policy/procedure.

1. d) While the VPSO does not have written policy and procedure currently in the operating manual, the VPSO has been operating under strict policies concerning monies received as well as deposits and disbursements. Furthermore, those operations will be added to the VPSO written policy/procedure.

1. f) The VPSO has operating contracts with various entities and those contain standard terms/conditions and are legally reviewed if such issues arise. They are reviewed to insure compliance with the terms and conditions. Those procedures which are already being done will be put in writing.

1. i) The VPSO has always abided by the ethics laws of the State of Louisiana to include required on-line training on the LA Ethics website. The current Ethics policy will be placed in the VPSO on-line Policy and Procedure manual which requires reading and electronically signing said policy.

4. b) While bank reconciliations have been reviewed by supervisors periodically in the past, from this point forward all reconciliations will be reviewed by person in charge of said fund.

4. c) From this point forward all outstanding checks will be reviewed and if necessary, forwarded to the LA Treasurers office as unclaimed property.

6. b) The VPSO handles staffing requirements and maintains a certain budget for those staffing requirements. The VPSO does not employ enough personnel to separate these two functions and it does not have adequate personnel due to budget constraints. This situation will remain unchanged at VPSO for the reasons stated above.

6. c) The VPSO employs one person who is responsible for deposits made into the General Fund. That one employee has many other duties. This is due to budget constraints. Once again this situation will remain unchanged at the VPSO.

7. The VPSO does not employ enough administrative personnel to separate the collections and deposits duties within the office. However, once a deposit fails to balance with collections a supervisor is notified and the problem is addressed. The procedure currently being used will be added to the VPSO written policy/procedure.

b) The VPSO has now instituted a procedure by which central purchasing officer notifies supervisor of pending acquisition which is then reviewed for completeness and approved.

11. The VPSO has now instituted a procedure by which central purchasing officer makes purchase only after supervisor approves requisition and purchase order. This will be added to VPSO written policy and procedure.

12. The VPSO has now moved all unused checks from the secure vault they were in to a locking filing cabinet that only the person who issues the checks has the key for.

15. a) The VPSO has now instituted a procedure by which central purchasing officer makes purchase only after supervisor approves requisition and purchase order.

16. a) The VPSO has informed all departmental heads that when credit cards are used, and receipts are provided indicating who was in attendance/public purpose as they have been, the receipt must be itemized.


Michael A. Couvillon
Sheriff, Vermilion Parish Sheriff's Office