

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2014

## TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	10
Reconciliation of the governmental fund balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balance - governmental fund	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental fund to the statement of activities	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15
Statement of cash flows - proprietary fund	16-17
Statement of fiduciary net assets and liabilities	18
Notes to basic financial statements	19-37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	39
Notes to the budgetary comparison schedule	40
Schedule of funding progress	41
Schedule of Employer Contributions for Other Post Employment Benefit Plan	42
OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Affidavit	45
Agency Funds	
Combining balance sheet	47
Combining statement of changes in assets and liabilities	48

TABLE OF CONTENTS (continued)

	<u>Page</u>
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50-51
Schedule of current and prior year audit findings and management's corrective action plan	52-55

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## INDEPENDENT AUDITORS' REPORT

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, 2014, 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, 2014, 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 39 through 42 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 Vermilion Parish 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 45 through 48 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 November 19, 2014 on our consideration of the Vermilion Parish 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 Vermilion Parish Sheriff's internal control over financial reporting and compliance.

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

Abbeville, Louisiana  
November 19, 2014

## **BASIC FINANCIAL STATEMENTS**

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



VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest bearing deposits	\$ 13,477,877	\$ 237,679	\$ 13,715,556
Receivables	12,615	6,541	19,156
Due from other governmental units	1,247,533	-	1,247,533
Restricted assets:			
Inmate cash	-	33,491	33,491
Capital assets, net	<u>1,160,252</u>	<u>174,931</u>	<u>1,335,183</u>
 Total assets	 <u>15,898,277</u>	 <u>452,642</u>	 <u>16,350,919</u>
LIABILITIES			
Accounts payable	75,470	7,990	83,460
Payable from restricted assets:			
Inmate deposits	-	25,501	25,501
Due in more than one year	<u>2,076,701</u>	<u>-</u>	<u>2,076,701</u>
 Total liabilities	 <u>2,152,171</u>	 <u>33,491</u>	 <u>2,185,662</u>
NET POSITION			
Net investment in capital assets	1,160,252	174,931	1,335,183
Unrestricted	<u>12,585,854</u>	<u>244,220</u>	<u>12,830,074</u>
Total net assets	<u>\$ 13,746,106</u>	<u>\$ 419,151</u>	<u>\$ 14,165,257</u>

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

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue And Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activity:						
Public safety:						
Law enforcement	\$ 10,675,427	\$ 1,425,924	\$ 902,828	\$(8,346,675)	\$ -	\$(8,346,675)
Business-type activity:						
Commissary	83,103	87,751	-	-	4,648	4,648
Total	<u>\$ 10,758,530</u>	<u>\$ 1,513,675</u>	<u>\$ 902,828</u>	<u>(8,346,675)</u>	<u>4,648</u>	<u>(8,342,027)</u>
Taxes:						
Property taxes, levied for general purposes				3,088,506	-	3,088,506
Sales taxes, levied for general purposes				5,935,419	-	5,935,419
Interest and investment earnings				20,642	-	20,642
Gain on disposal of assets				11,930	-	11,930
Miscellaneous				<u>104,686</u>	-	<u>104,686</u>
Total general revenues				<u>9,161,183</u>	-	<u>9,161,183</u>
Change in net position				814,508	4,648	819,156
Net position - July 01, 2013				<u>12,931,598</u>	<u>414,503</u>	<u>13,346,101</u>
Net position - June 30, 2014				<u>\$13,746,106</u>	<u>\$419,151</u>	<u>\$14,165,257</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTION**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Balance Sheet  
Governmental Fund  
June 30, 2014

	<u>General Fund</u>
ASSETS	
Cash	\$ 13,477,877
Receivables	21,146
Due from other governmental units	<u>1,239,002</u>
Total assets	<u>\$ 14,738,025</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 75,470
Fund balance:	
Unassigned	<u>14,662,555</u>
Total liabilities and fund balance	<u>\$ 14,738,025</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, 2014

Total fund balance for governmental fund at June 30, 2014		\$ 14,662,555
Cost of capital assets at June 30, 2014	\$ 6,842,873	
Less: Accumulated depreciation	<u>(5,682,621)</u>	
Capital assets, net		1,160,252
Long-term liabilities at June 30, 2014:		
Net OPEB obligation payable		<u>(2,076,701)</u>
Net position at June 30, 2014		<u>\$ 13,746,106</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, 2014

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 3,088,506
Intergovernmental revenues -	
Sales tax	5,935,419
State grants - state revenue sharing (net)	195,870
State supplemental pay	592,549
Law enforcement grant	114,409
Fees, charges, and commissions for services -	
Commissions on licenses, taxes, etc.	71,649
Fines and forfeitures	116,468
Civil and criminal fees	379,326
Court costs and attendance	9,962
Feeding, keeping, and transporting prisoners	848,170
Other	73,934
Interest income	<u>20,642</u>
Total revenues	<u>11,446,904</u>
Expenditures:	
Current -	
Public safety:	
Personal services and related benefits	6,565,574
Operating services	1,544,310
Operations and maintenance	1,724,403
Capital outlay	<u>166,759</u>
Total expenditures	<u>10,001,046</u>
Excess of revenues over expenditures	1,445,858
Other financing sources:	
Sale of equipment	<u>44,551</u>
Net change in fund balance	1,490,409
Fund balance, beginning	<u>13,172,146</u>
Fund balance, ending	<u>\$ 14,662,555</u>

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, 2014

Total net change in fund balance for the year ended June 30, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balance	S 1,490,409
Add: Capital outlay costs which are considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	166,759
Less: Depreciation expense for year ended June 30, 2014	(438,983)
Less: Proceeds from sale of assets	(13,451)
Add: Gain on disposal of assets	11,930
Less: Increase in OPEB obligation at June 30, 2014	<u>(402,156)</u>
Total changes in net position for the year ended June 30, 2014 per Statement of Activities	<u>S 814,508</u>

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



VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Statement of Net Position  
Proprietary Fund  
June 30, 2014

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 237,679
Other receivables	6,541
Restricted assets:	
Inmate cash	<u>33,491</u>
Total current assets	<u>277,711</u>
Capital assets, net of accumulated depreciation	<u>174,931</u>
Total assets	<u>452,642</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,990
Payable from restricted assets:	
Inmate deposits	<u>25,501</u>
Total current liabilities	<u>33,491</u>
<b>NET ASSETS</b>	
Net investment in capital assets	174,931
Unrestricted	<u>244,220</u>
Total net assets	<u>\$ 419,151</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 Fund  
Year Ended June 30, 2014

	<u>Enterprise Fund</u>
Operating revenues:	
Commissary	<u>\$ 87,751</u>
Operating expenses:	
Depreciation	31,687
Other expenses	<u>51,416</u>
Total operating expenses	<u>83,103</u>
Change in net position	4,648
Net position, beginning	<u>414,503</u>
Net position, ending	<u>\$ 419,151</u>

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

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2014

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 88,060
Payments to suppliers	<u>(43,426)</u>
Net cash provided by operating activities	44,634
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(62,570)</u>
Net decrease in cash and cash equivalents	(17,936)
Cash and cash equivalents, beginning of period	<u>289,106</u>
Cash and cash equivalents, end of period	<u>\$ 271,170</u>

(continued)

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Statement of Cash Flows  
Proprietary Fund (continued)  
Year Ended June 30, 2014

	Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,648
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,687
Changes in assets and liabilities:	
Decrease in other receivables	927
Increase in accounts payable	7,990
Increase in due to inmates	<u>(618)</u>
Net cash provided by operating activities	<u>\$ 44,634</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	\$ 262,987
Cash-restricted	<u>26,119</u>
Total cash and cash equivalents	<u>289,106</u>
Cash and cash equivalents, end of period -	
Cash- unrestricted	237,679
Cash-restricted	<u>33,491</u>
Total cash and cash equivalents	<u>271,170</u>
Net decrease	<u>\$ (17,936)</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, 2014

ASSETS

Assets:

Cash

\$ 371,466

LIABILITIES

Liabilities:

Due to others

\$ 371,466

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 Vermilion Parish 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 Vermilion Parish 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 (Continued)

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 displays information about the reporting government as a whole. They 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 (Continued)

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 (Continued)

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

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 1 of each year, and become delinquent on January 1 of the subsequent year. 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.

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.

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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, 2014.

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.

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:

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

<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, 2014, 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. The Sheriff has no deferred outflows of resources.

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. The Sheriff has no deferred inflows of resources.

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.

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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* – amounts that are available for any purpose; these amounts can be reported only in the Sheriff's General Fund.

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.

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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 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 certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the Sheriff has cash and interest-bearing deposits (book balances) totaling \$14,120,513, as follows:

	<u>Government-wide Statement of Net Assets</u>	<u>Fiduciary Funds Statement of Net Assets</u>	<u>Total</u>
Demand deposits	\$ 12,618,684	\$ 371,466	\$ 12,990,150
Time deposits	<u>1,130,363</u>	<u>-</u>	<u>1,130,363</u>
Total	<u>\$ 13,749,047</u>	<u>\$ 371,466</u>	<u>\$ 14,120,513</u>

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) at June 30, 2014, are secured as follows:

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Bank balances	<u>\$ 14,397,109</u>
At June 30, 2014 the deposits are secured as follows:	
Insured	500,000
Uninsured and collateral held by the pledging bank, not in the Sheriff's name	<u>13,897,109</u>
Total	<u>\$ 14,397,109</u>

(3) Ad Valorem Taxes

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 on January 1 on property assessed on that date and are actually billed to taxpayers by the Sheriff in November. 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 Vermilion 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 are budgeted and recorded in the year levied and billed. For the year ended June 30, 2014, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 9.30 mills on property with net assessed valuations totaling \$329,990,420.

Total law enforcement taxes levied during 2014 were \$3,068,930.

(4) 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	11,038	6,541	17,579
Total	\$ 12,615	\$ 6,541	\$ 19,156

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Due From Other Governmental Units

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

	Governmental Activities
Sales tax receivable	\$ 1,046,716
Grants receivable	12,001
Prisoner housing, medical, transport, etc.	147,903
Other receivables	40,913
Total	\$ 1,247,533

(6) Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 278,002	\$ -	\$ -	\$ 278,002
Jail addition	645,167	-	-	645,167
Equipment and vehicles	5,889,307	166,758	136,361	5,919,704
Totals	6,812,476	166,758	136,361	6,842,873
Less accumulated depreciation				
Buildings and improvements	176,562	8,571	-	185,133
Jail addition	285,499	27,927	-	313,426
Equipment and vehicles	4,916,417	402,485	134,840	5,184,062
Total accumulated depreciation	5,378,478	438,983	134,840	5,682,621
Governmental activities, capital assets, net	\$1,433,998	\$ (272,225)	\$ (1,521)	\$1,160,252

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14
Business-type activity:				
Capital assets being depreciated:				
Buildings	\$ 191,409	\$ -	\$ -	\$ 191,409
Equipment	<u>212,947</u>	<u>62,570</u>	<u>-</u>	<u>275,517</u>
Totals	<u>404,356</u>	<u>62,570</u>	<u>-</u>	<u>466,926</u>
Less accumulated depreciation				
Buildings	158,740	7,087	-	165,827
Equipment	<u>101,568</u>	<u>24,600</u>	<u>-</u>	<u>126,168</u>
Total accumulated depreciation	<u>260,308</u>	<u>31,687</u>	<u>-</u>	<u>291,995</u>
Business-type activity, capital assets, net	<u>\$ 144,048</u>	<u>\$ 30,883</u>	<u>\$ -</u>	<u>\$ 174,931</u>

Depreciation expense was charged to the law enforcement governmental activity and to the commissary business-type activity in the amount of \$438,983 and \$31,687, respectively.

(7) Pension Plan

Substantially all employees of the Vermilion Parish Sheriff's office are members of the Louisiana Sheriff's Pension and Relief Fund (retirement system).

Plan Description - The Vermilion Parish Sheriff contributes to the retirement system, a cost-sharing, multiple-employer defined benefit plan administered by the Sheriff's Pension and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability, and survivor benefits to Sheriff and deputy Sheriff members throughout the State of Louisiana.

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

Funding Policy - Plan members are required to contribute 10.25% of their annual covered salary and the Vermilion Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 13.89% of annual covered payroll. During the year ended June 30, 2010 the Sheriff began contributing 3% of the plan members required contributions. The contribution requirements of plan members and the Vermilion Parish Sheriff are established and may be amended by the Sheriffs' Pension and Relief Fund. The Vermilion Parish Sheriff's contributions to the Retirement System for the years ended June 30, 2014, 2013, and 2012 were \$844,856, \$771,135 and \$707,551, respectively.



VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Changes in Agency Fund Balances

A summary of changes in agency fund balances due to taxing bodies and others and due to prisoners follows:

	Civil Fund	Tax Collector Fund	Bond Fund	Total
Balances, June 30, 2013	\$ 56,887	\$ 69,327	\$ 129,429	\$ 255,643
Additions	1,097,581	33,449,728	963,883	35,511,192
Reductions	<u>(1,107,878)</u>	<u>(33,431,613)</u>	<u>(855,878)</u>	<u>(35,395,369)</u>
Balances, June 30, 2014	<u>\$ 46,590</u>	<u>\$ 87,442</u>	<u>\$ 237,434</u>	<u>\$ 371,466</u>

(9) Taxes Paid Under Protest

At June 30, 2014, there are no taxes paid under protest.

(10) Litigation and Claims

At June 30, 2014, there is no pending litigation against the Vermilion Parish Sheriff.

(11) 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 Vermilion Parish Sheriff's Office'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. See the section below entitled "Post Employment Benefit Plan Eligibility Requirements" for the assumption as to time of actual retirement.

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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 45 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 Vermilion Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Vermilion Parish 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 2014, the Vermilion Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$158,436.

Effective July 1, 2009, the Vermilion Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution: The Vermilion Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. 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 GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal Cost	\$ 245,575
30-year UAAL amortization amount	<u>344,874</u>
Annual required contribution (ARC)	<u>\$ 590,449</u>

Net Post-employment Benefit Obligation (Asset): The table below shows Vermilion Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2014:

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

Annual required contribution	\$ 590,449
Interest on net OPEB obligation	66,982
Adjustment to annual required contribution	<u>(96,839)</u>
Annual OPEB cost (expense)	560,592
Current year retiree premium	<u>(158,436)</u>
Increase in net OPEB obligation	402,156
Net OPEB obligation - beginning of year	<u>1,674,545</u>
Net OPEB obligation - end of year	<u>\$ 2,076,701</u>

The following table shows the Vermilion Parish Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for 2014, 2013, and 2012:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	\$ 560,592	28.3%	\$ 2,076,701
06/30/13	\$ 693,416	30.6%	\$ 1,674,545
06/30/12	\$ 674,447	29.2%	\$ 1,193,546

**Funded Status and Funding Progress:** In 2014 the Vermilion Parish 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, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2014 was \$6,202,214 which is defined as that portion, as determined by a particular actuarial cost method (the Vermilion Parish 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.

Actuarial accrued liability (AAL)	\$ 6,202,214
Actuarial valuation of plan assets (AVP)	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 6,202,214</u>
Funded ratio (AVP/AAL)	0%
Covered payroll (active plan members)	\$ 5,543,945
UAAL as a percentage of covered payroll	111.87%

**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

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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 Vermilion Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Vermilion Parish 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 Vermilion Parish 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 Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**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:** We have 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):** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance 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

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

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 as required by GASB 45 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.

(12) Risk Management

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.

(13) Ex-officio Tax Collector

The amount of cash on hand in the tax collector account at June 30, 2014 consists of the following:

Payments received in June and disbursed in July were for:

Federal revenue sharing	\$ 385
Occupational licenses	695
Ad Valorem taxes	<u>86,362</u>
Total	<u>\$ 87,442</u>

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

The amount of taxes collected for the year ended June 30, 2014 by the taxing authority is as follows:

Abbeville Harbor & Terminal	\$ 491,795
Abbeville Hospital	6
Abrom Kaplan Memorial Hospital	574,269
Assessment District	866,088
Consolidated Gravity #2	252,705
Consolidated Gravity Drainage District #1	501,035
Coulee Baton	96,200
Coulee Des Jonc Drainage District	280,850
Coulee Kinney	838,488
Gravity Drainage District #2	352,500
Gueydan Gravity Drainage	555,658
Gueydan Memorial Guest Home	225,316
Isle Maronne	323,547
Louisiana Department of Agriculture	1,658
Louisiana Tax Commission	7,207
7th Ward Fire District	466,028
7th Ward Gravity 2 Maint	902,339
Pecan Island Fire District #16	294,778
Prairie Gregg	769,733
Teche Vermilion Fresh Water District	475,727
Twin Parish Port	174,011
Vermilion Parish Library	1,463,155
Vermilion Parish Police Jury	5,772,690
Vermilion Parish School Board	13,007,759
Vermilion Parish Sheriff's Office	<u>3,088,506</u>
Total	<u>\$31,782,047</u>

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2014, 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	\$ 251	\$ 1,061	\$ 1,312
Abbeville Hospital	-	-	-
Abrom Kaplan Memorial Hospital	562	465	1,027
Assessment District	242	1,176	1,418
Consolidated Gravity #2	5	53	58
Consolidated Gravity Drainage District #1	51	246	297
Coulee Baton	-	420	420
Coulee Des Jonc Drainage District	27	106	133
Coulee Kinney	66	282	348
Gravity Drainage District #2	87	338	425
Gueydan Sub Drainage District #5	53	429	482
Gueydan Memorial Guest Home	17	141	158
Isle Maronne	-	997	997
7th Ward Fire District	-	76	76
7th Ward Gravity Drainage District 2	87	139	226
Pecan Island Fire District #16	876	-	876
Prairie Gregg	2	10,448	10,450
Teche Vermilion Fresh Water District	133	646	779
Twin Parish Port	12	70	82
Vermilion Parish Library	408	2,525	2,933
Vermilion Parish Police Jury	1,738	7,456	9,194
Vermilion Parish School Board	3,630	17,669	21,299
Vermilion Parish Sheriff's Office	2,147	2,849	4,996
Total	<u>\$ 10,394</u>	<u>\$ 47,593</u>	<u>\$ 57,986</u>

(14) Occupational Licenses

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

	<u>Collected</u>	<u>Settled</u>	<u>Unsettled</u>
Vermilion Parish Police Jury	\$ 433,363	\$ 433,363	\$ -
Vermilion Parish Sheriff's Office	<u>76,461</u>	<u>76,461</u>	<u>-</u>
Total	<u>\$ 509,824</u>	<u>\$ 509,824</u>	<u>\$ -</u>

VERMILLION PARISH SHERIFF  
Abbeville, Louisiana

Notes to Basic Financial Statements (Continued)

(15) On-behalf Payments

a. Supplemental Pay

Certain employees of Vermilion Parish Sheriff receive supplemental pay from the State of Louisiana. The Sheriff has recognized \$592,549 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

b. Sheriff's Retirement System Contribution

The Vermilion Parish Tax Collector contributed \$159,630 to the Sheriffs' Pension and Relief Fund, a plan in which the Vermilion Parish Sheriff participates. The Vermilion Parish Sheriff is not legally responsible for these contributions.

(16) 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.

(17) Subsequent Events

The Sheriff evaluated subsequent events through November 19, 2014, the date which the financial statements were available to be issued.

(18) New Accounting Pronouncements

During the fiscal year ended June 30, 2014, the Sheriff adopted GASB No. 65, *Items Previously Reported as Assets and Liabilities*. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting.

In June 2012, The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. The provisions of GASB Statement No. 68 must be implemented by the Sheriff for the year ending June 30, 2015. 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, 2014

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,900,000	\$ 3,070,000	\$ 3,088,506	\$ 18,506
Intergovernmental revenues -				
Sales tax	6,150,000	6,050,000	5,935,419	(114,581)
State grants - state revenue sharing (net)	204,000	195,883	195,870	(13)
State supplemental pay	600,000	595,000	592,549	(2,451)
Law enforcement grant	86,000	104,000	114,409	10,409
Fees, charges, and commissions for services -				
Commissions on licenses, taxes, etc.	61,000	70,000	71,649	1,649
Fines and forfeitures	95,000	120,500	116,468	(4,032)
Civil and criminal fees	350,000	385,000	379,326	(5,674)
Court costs and attendance	50,000	10,000	9,962	(38)
Feeding, keeping, and transporting prisoners	885,000	853,900	848,170	(5,730)
Other	52,650	47,718	73,934	26,216
Interest income	16,000	17,000	20,642	3,642
Total revenues	<u>11,449,650</u>	<u>11,519,001</u>	<u>11,446,904</u>	<u>(72,097)</u>
<b>Expenditures:</b>				
Current -				
Public safety:				
Personal services and related benefits	6,767,100	6,539,518	6,565,574	(26,056)
Operating services	1,879,000	1,512,508	1,544,310	(31,802)
Operations and maintenance	1,857,600	1,711,650	1,724,403	(12,753)
Capital outlay	337,500	160,268	166,759	(6,491)
Total expenditures	<u>10,841,200</u>	<u>9,923,944</u>	<u>10,001,046</u>	<u>(77,102)</u>
Excess of revenues over expenditures	608,450	1,595,057	1,445,858	(149,199)
<b>Other financing sources:</b>				
Sale of equipment	5,000	4,920	44,551	39,631
Net change in fund balance	613,450	1,599,977	1,490,409	(109,568)
Fund balance, beginning	<u>13,172,146</u>	<u>13,172,146</u>	<u>13,172,146</u>	<u>-</u>
Fund balance, ending	<u>\$ 13,785,596</u>	<u>\$ 14,772,123</u>	<u>\$ 14,662,555</u>	<u>\$ (109,568)</u>

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Notes to the Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

(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, 2014, expenditures did exceed appropriations in the General Fund.

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Schedule of Funding Progress  
For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
July 01, 2009	-	\$ 4,829,252	\$4,829,252	0.0%	\$ 5,463,173	88.4%

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Schedule of Employer Contributions for Other Post Employment Benefit Plan  
For the Year Ended June 30, 2014

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2014	\$ 590,449	26.8%
June 30, 2013	\$714,697	29.7%
June 30, 2012	\$687,209	28.6%

**OTHER SUPPLEMENTARY  
INFORMATION**

## **OTHER FINANCIAL 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:

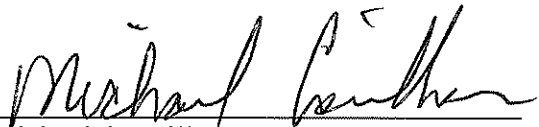
The following information is true and correct:

**\$87,440 is the amount of cash on hand in the tax collector account on June 30, 2014;**

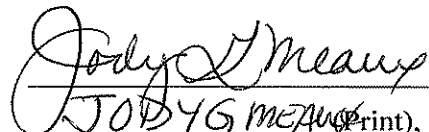
He further deposed and said:

**All itemized statements of the amount of taxes collected for tax year 2013, 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,  
Sheriff of Vermilion Parish

SWORN to and subscribed before me, Notary, this 20<sup>th</sup> day of November 2014, in my office in Abbeville, Louisiana.

 (Signature)  
JODY G. MEAUX (Print), # 040220  
Notary Public  
6/22/2018 (Commission)



## **AGENCY FUNDS**

### **Civil Fund**

To account for funds held in connection with civil suits, sheriff's sales, and garnishments.

### **Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

### **Bond Fund**

To account for the collection of bonds, fines, and costs and payment of these collections to recipients in accordance with applicable laws.

VERMILION PARISH SHERIFF  
 Abbeville, Louisiana  
 Agency Funds

Combining Balance Sheet  
 June 30, 2014

	Civil Fund	Tax Collector Fund	Bond Fund	Total
<b>ASSETS</b>				
Cash	<u>\$ 46,590</u>	<u>\$ 87,442</u>	<u>\$ 237,434</u>	<u>\$ 371,466</u>
<b>LIABILITIES</b>				
Due to taxing bodies and others	<u>\$ 46,590</u>	<u>\$ 87,442</u>	<u>\$ 237,434</u>	<u>\$ 371,466</u>

VERMILION PARISH SHERIFF  
Abbeville, Louisiana  
Agency Funds

Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2014

	Civil Fund	Tax Collector Fund	Bond Fund	Total
Balances, beginning of year	\$ 56,887	\$ 69,327	\$ 129,429	\$ 255,643
Additions:				
Deposits -				
Sheriff's sales, suits, and seizures	872,736	-	-	872,736
Garnishments	168,535	-	-	168,535
Bonds	-	-	129,430	129,430
Fines, forfeitures and costs	56,149	-	834,201	890,350
Taxes, fees, etc., paid to tax collector	-	33,400,662	-	33,400,662
Interest	161	49,066	252	49,479
Total additions	<u>1,097,581</u>	<u>33,449,728</u>	<u>963,883</u>	<u>35,511,192</u>
 Total	 <u>1,154,468</u>	 <u>33,519,055</u>	 <u>1,093,312</u>	 <u>35,766,835</u>
Reductions:				
Taxes, fees, etc., distributed to taxing bodies and others	-	23,676,545	-	23,676,545
Deposits settled to -				
State agencies	-	8,811	37,380	46,191
Sheriff's General Fund	256,034	3,324,612	104,811	3,685,457
Clerk of Court	46,911	-	49,009	95,920
Police Jury	-	6,386,050	220,914	6,606,964
District Attorney	-	-	117,894	117,894
Crime lab	-	-	71,236	71,236
Indigent defender board	-	-	136,087	136,087
Litigants, attorneys etc.	544,970	-	49,388	594,358
Other settlements	8,897	-	32,926	41,823
Other reductions	251,066	35,595	36,233	322,894
Total reductions	<u>1,107,878</u>	<u>33,431,613</u>	<u>855,878</u>	<u>35,395,369</u>
 Balances, end of year	 <u>\$ 46,590</u>	 <u>\$ 87,442</u>	 <u>\$ 237,434</u>	 <u>\$ 371,466</u>

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired  
Conrad O. Chapman, CPA\* 2006

## 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, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated November 19, 2014.

### 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 2014-001 and 2014-002 that we consider to be significant deficiencies in internal control.

### **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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2014-003.

### **Sheriff's Response to Findings**

The Vermilion Parish 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 Vermilion Parish 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  
November 19, 2014

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2014

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

A. Internal Control Over Financial Reporting

2014-001 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, 2014

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.

2014-002

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, 2014

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

2014-003 Sheriff Sale

CONDITION: The Sheriff may have violated The Louisiana Code of Governmental Ethics by purchasing a house which was put up for sale in the Vermilion Parish Sheriff's Auction.

CRITERIA: Section 1113 A(1) of Part II of Chapter 15 of The Louisiana Code of Governmental Ethics and R.S. 42:1113 A(1)(a) states "No public servant, excluding any legislator and any appointed member of any board or commission and any member of a governing authority of a parish with a population of ten thousand or less, or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."

CAUSE: Under advice of the Sheriff's attorney, the Sheriff purchased a house in the Vermilion Parish Sheriff's Auction.

EFFECT: The transaction could be a violation of The Louisiana Code of Governmental Ethics.

RECOMMENDATION: The Sheriff needs to request a formal written opinion from the Louisiana Board of Ethics.

MANAGEMENT'S CORRECTIVE ACTION PLAN: A complaint regarding the sale of the house was filed with the Louisiana Board of Ethics by a citizen. We have provided all information requested by the Board of Ethics relative to the sale of the house. We are waiting to hear back from the Board of Ethics concerning the sale.

VERMILION PARISH SHERIFF  
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (continued)  
Year Ended June 30, 2014

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2013-001 Inadequate Segregation of duties

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

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2014-001.

2013-002 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 2014-002.