

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S 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 major fund, and the aggregate remaining fund information of the Vermilion Parish Sheriff (the Sheriff), as of and for the year ended June 30, 2020, 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 major fund, and the aggregate remaining fund information of the Sheriff, as of June 30, 2020, and the respective changes in financial position, 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 the required supplementary information as listed in the table of contents 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 and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 December 23, 2020 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, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 23, 2020

BASIC FINANCIAL STATEMENTS

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Net Position
June 30, 2020

ASSETS

Cash and interest bearing deposits	\$ 6,581,619
Investments	8,844,358
Other receivables	1,577
Due from other governmental units	2,471,851
Prepaid insurance	156,584
Capital assets, net	<u>1,517,803</u>
Total assets	<u>19,573,792</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB related	1,691,264
Pension related	<u>2,136,301</u>
Total deferred outflows of resources	<u>3,827,565</u>

LIABILITIES

Accounts payable	74,158
Claims payable	63,317
Other accrued liabilities	6,131
Long-term liabilities:	
Other post employment benefits payable	10,973,736
Net pension liability	<u>3,819,466</u>
Total liabilities	<u>14,936,808</u>

DEFERRED INFLOWS OF RESOURCES

OPEB related	123,551
Pension related	<u>785,091</u>
Total deferred inflows of resources	<u>908,642</u>

NET POSITION

Net investment in capital assets	1,517,803
Unrestricted	<u>6,038,104</u>
Total net assets	<u>\$ 7,555,907</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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activity:				
Public safety:				
Law enforcement	<u>\$ 11,821,266</u>	<u>\$ 1,179,940</u>	<u>\$ 2,130,149</u>	<u>\$ (8,511,177)</u>
Taxes:				
Property taxes, levied for general purposes				2,785,737
Sales taxes, levied for general purposes				5,847,729
Interest and investment earnings and losses				701,782
Gain on disposal of assets				25,959
Miscellaneous				131,105
Nonemployer pension contribution				342,043
Transfers				<u>95,171</u>
Total general revenues				<u>9,929,526</u>
Change in net position				1,418,349
Net position - beginning				<u>6,137,558</u>
Net position - ending				<u>\$ 7,555,907</u>

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, 2020

ASSETS

Cash and interest bearing deposits	\$ 6,603,127
Investments	8,844,358
Other receivables	1,577
Due from other governmental units	2,450,343
Prepaid items	<u>156,584</u>
Total assets	<u>\$ 18,055,989</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 74,158
Claims payable	63,317
Other accrued liabilities	<u>6,131</u>
Total liabilities	143,606

Fund balance:

Nonspendable - prepaid items	156,584
Unassigned	<u>17,755,799</u>
Total fund balance	<u>17,912,383</u>

 Total liabilities and fund balance \$ 18,055,989

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, 2020

Total fund balance for governmental fund		\$ 17,912,383
Capital assets, net		1,517,803
Pension:		
Net pension liability/asset	\$ (3,819,466)	
Deferred inflows of resources	(785,091)	
Deferred outflows of resources	<u>2,136,301</u>	(2,468,256)
OPEB:		
Net OPEB liability/asset	(10,973,736)	
Deferred inflows of resources	(123,551)	
Deferred outflows of resources	<u>1,691,264</u>	<u>(9,406,023)</u>
Net position		<u>\$ 7,555,907</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, 2020

Revenues:	
Ad valorem taxes	\$ 2,785,737
Sales tax	5,847,729
Intergovernmental revenues	824,593
Fees, charges, and commissions for services -	
Commissions on licenses, taxes, etc.	76,387
Fines and forfeitures	102,233
Civil and criminal fees	287,928
Court costs and attendance	9,894
Feeding, keeping, and transporting prisoners	703,498
Federal grants	1,305,556
Other	173,511
Investment earnings and losses	701,782
Total revenues	<u>12,818,848</u>
Expenditures:	
Current -	
Public safety	10,493,280
Capital outlay	395,844
Total expenditures	<u>10,889,124</u>
Net change in fund balance	1,929,724
Fund balance, beginning	<u>15,982,659</u>
Fund balance, ending	<u>\$ 17,912,383</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, 2020

Net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 1,929,724
Capital outlay	\$ 307,210	
Depreciation expense	<u>(394,766)</u>	(87,556)
Transactions involving capital assets:		
Insurance proceeds	(42,406)	
Gain on disposal of assets	<u>25,959</u>	(16,447)
Interdepartmental transfer of assets		95,171
The effect of recording net pension and OPEB liability/asset, and the related deferred outflows of resources, and deferred inflows of resources:		
Change in pension expense	(351,013)	
Nonemployer plan contribution revenue recognized	342,043	
Change in OPEB expense	<u>(493,573)</u>	<u>(502,543)</u>
Changes in net position per Statement of Activities		<u>\$ 1,418,349</u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and interest bearing deposits	\$ 930,888
Receivables	<u>4,532</u>
Total assets	935,420
LIABILITIES	
Accounts payable	<u>549,695</u>
NET POSITION	
Fiduciary net position - held for others	<u>\$ 385,725</u>

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

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	<u>Custodial Funds</u>
Additions:	
Sheriff's sales, suits, and seizures	\$ 564,574
Garnishments	190,061
Bonds	26,800
Fines, forfeitures and costs	771,282
Taxes, fees, etc., paid to tax collector	25,899,243
Commissions	77,189
Interest	<u>46,324</u>
Total additions	<u>27,575,473</u>
Deductions:	
Taxes, fees, etc., distributed to taxing bodies and others	26,446,303
Deposits settled to -	
State agencies	44,445
Clerk of Court	86,925
District Attorney	98,951
Crime lab	80,259
Indigent defender board	108,724
Litigants, attorneys etc.	371,399
Other settlements	31,585
Other reductions	<u>430,469</u>
Total deductions	<u>27,699,060</u>
Net change in fiduciary net position	(123,587)
Net position - beginning, as restated	<u>509,312</u>
Net position - ending	<u>\$ 385,725</u>

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.

(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.

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.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

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. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenue.

The statement of activities presents a comparison between direct expenses and program revenues. 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 two categories: governmental 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 and deferred outflows, liabilities and deferred inflows, 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:

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.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Fiduciary Funds –

Custodial Funds – Fiduciary funds consist of Custodial funds of the Sheriff. Custodial funds account for assets held by the Sheriff for various local governments and inmates. Fiduciary fund statements are prepared using the economic resources measurement focus and full 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.

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 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 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.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

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.

E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. 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. 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.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

H. 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:

<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.

I. 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). 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.

J. 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.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

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.

K. 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.

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

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Vermilion Parish Sheriff Office's adopted policy, only the Sheriff may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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.

L. 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.

M. 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, deferred outflows, liabilities, and deferred inflows 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.

N. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, (described in more detail in Note4), has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and proprietary fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

O. Postemployment Benefits Other than Pensions (OPEB)

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expenses has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. In the governmental fund financial statements contributions are recognized as expenditures when due.

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Notes to Basic Financial Statements

P. Change in Presentation

With the adoption of GASB Statement No. 84, a statement of fiduciary net position and a statement of changes in fiduciary net position have been presented as part of the basic financial statements. These statements consist of the Sheriff's custodial funds (formerly agency funds).

(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 also deposit funds in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. 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. The Sheriff does not have a policy for custodial credit risk; however, 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:

Bank balances	<u>\$ 7,564,783</u>
Deposits are secured as follows:	
Insured deposits	\$ 724,832
Uninsured and collateral held by the pledging bank, not in the Sheriff's name	<u>6,839,951</u>
Total	<u>\$ 7,564,783</u>

B. Investments

Under state law, the Sheriff may invest in direct United States Treasury obligations fully guaranteed by the government of the United States, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America or issued or guaranteed by United States government instrumentalities which are federally sponsored. The Sheriff categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting

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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 the following recurring fair value measurements:

Description	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury	\$ 3,873,309	\$3,873,309	\$ -	\$ -
Municipal Bonds	823,274	-	823,274	-
Federal Home Loan Banks	1,971,981	-	1,971,981	-
Federal National Mortgage Association	537,896	-	537,896	-
State and Municipal Securities	386,892	-	386,892	-
Mutual Funds	<u>1,251,006</u>	<u>-</u>	<u>1,251,006</u>	<u>-</u>
Total	<u>\$ 8,844,358</u>	<u>\$3,873,309</u>	<u>\$4,971,049</u>	<u>\$ -</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
U.S. Treasury					
Interest Rates 1.75% - 2.75%	\$3,873,309	\$ -	\$ 742,408	\$3,130,901	\$ -
Municipal Bonds					
Interest Rates 2.51% - 5.00%	823,274	406,240	417,034	-	-
Federal Home Loan Banks					
Interest Rates 1.375% - 2.875%	1,971,981	402,992	1,568,989	-	-
Federal National Mortgage Association					
Interest Rate 5.65%	537,896	-	-	537,896	-
State and Municipal Securities	386,892	-	-	-	386,892
Mutual Funds	<u>1,251,006</u>	<u>1,251,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$8,844,358</u>	<u>\$ 2,060,238</u>	<u>\$2,728,431</u>	<u>\$3,668,797</u>	<u>\$386,892</u>

Credit risk is managed by restricting investments to those authorized by R.S. 33:2955.

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The Sheriff attempts to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. Securities from issuers totaling five percent or more of a portfolio are as follows:

<u>Description</u>	<u>Rating</u>	<u>Percentage</u>
Municipal Bonds	AAA	9.31%
Federal Home Loan Banks	AAA	22.30%
Federal National Mortgage Association	AAA	6.08%
Mutual Funds	A	14.14%

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.

(3) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	\$1,042,362	\$ -	\$ -	\$1,042,362
Jail addition	645,167	-	-	645,167
Equipment and vehicles	<u>6,650,737</u>	<u>307,210</u>	<u>105,906</u>	<u>6,852,041</u>
Totals	<u>8,338,266</u>	<u>307,210</u>	<u>105,906</u>	<u>8,539,570</u>
Less accumulated depreciation				
Buildings and improvements	419,575	21,175	-	440,750
Jail addition	452,238	12,324	-	464,562
Equipment and vehicles	<u>5,844,647</u>	<u>361,267</u>	<u>89,459</u>	<u>6,116,455</u>
Total accumulated depreciation	<u>6,716,460</u>	<u>394,766</u>	<u>89,459</u>	<u>7,021,767</u>
Governmental activities, capital assets, net	<u>\$1,621,806</u>	<u>\$ (87,556)</u>	<u>\$ (16,447)</u>	<u>\$1,517,803</u>

Depreciation expense was charged to the law enforcement governmental activity \$394,766.

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Notes to Basic Financial Statements

(4) Pension Plan

The Sheriffs' Pension and Relief Fund's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed. 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.lla.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 interrupted.

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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 if 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 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

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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, 2019, the actual employer contribution rate was 12.25% with an additional -0-% allocated from the Funding Deposit Account. Employer proportionate share of contributions for the year ended June 30, 2019 was \$694,160.

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 \$342,043 and excluded from pension expense for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2020, the Sheriff reported a liability of \$3,819,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the Sheriff's proportion was .807%, which was an increase of .02% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Sheriff recognized pension expense of \$1,054,001 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

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At June 30, 2020, 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	\$ -	\$ 731,732
Changes of assumptions	1,167,282	-
Net difference between projected and actual earnings on pension plan investments	137,445	-
Change in proportion and differences between employer contributions and proportionate share of contributions	128,587	53,359
Employer contributions subsequent to the measurement date	702,987	-
Total	\$2,136,301	\$ 785,091

Deferred outflows of resources of \$702,987 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense at June 30, as follows:

Fiscal Year Ended	
6/30/2021	\$ 268,117
6/30/2022	(109,002)
6/30/2023	179,956
6/29/2024	221,832
6/29/2025	87,320
Total	\$ 648,223

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.

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

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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, 2020 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.10%, net of investment expense
Discount Rate	7.10%
Projected Salary Increases	5.5% (2.50% inflation, 3.00 % 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 for disabled annuitants
Expected Remaining Service Lives	6 years
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, 2019 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	62%	7.1%	4.4%
Bonds	23%	3.0%	0.7%
Alternative Investments	<u>15%</u>	<u>4.6%</u>	<u>0.6%</u>
Totals	100%		5.7%
Inflation			<u>2.4%</u>
Expected Arithmetic Nominal Return			<u>8.1%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was a .15% decrease from the discount rate used as of June 30, 2018. 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 7.10%, 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 6.10%	Current Discount Rate 7.10%	1.0% Increase 8.10%
Employer's proportionate share of the net pension liability	<u>\$7,987,087</u>	<u>\$3,819,466</u>	<u>\$ 312,033</u>

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Notes to Basic Financial Statements

(5) Litigation and Claims

The Sheriff is subject to various lawsuits and claims, many of which arise in the normal course of business. Although their outcome is not presently determinable, it is the opinion of legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Sheriff.

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

Plan Description – The Vermilion Parish Sheriff's Office (the Sheriff) provides certain continuing health care and life insurance benefits for its retired employees. The Vermilion Parish Sheriff's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Sheriff. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Sheriff. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75. The plan does not issue a stand alone report.

Benefits Provided – 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 based on a 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 74/75 requires the use of "unblended" rates, we have used the valuation mortality table 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.

Employees covered by benefit terms – At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	36
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>122</u>
	<u>158</u>

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Total OPEB Liability

The Sheriff's total OPEB liability of \$10,973,736 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.5% annually (Beginning of Year to Determine ADC) 2.21% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually for 10 years, 4.5% thereafter
Mortality	SOA RP 2000 Table

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

Changes in the Total OPEB Liability

Total OPEB obligation - beginning of year	\$ 8,859,288
Changes for the year:	
Service cost	151,404
Interest	306,057
Difference between expected and actual experience	(54,592)
Changes in assumptions	1,941,182
Benefit payments and net transfers	<u>(229,603)</u>
Net change	<u>2,114,448</u>
Total OPEB obligation - end of year	<u>\$ 10,973,736</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Sheriff, as well as what the Sheriff's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Current Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB Liability	<u>\$ 12,972,157</u>	<u>\$ 10,973,736</u>	<u>\$ 9,418,256</u>

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

	1% Decrease (4.5%)	Current Rate (5.5%)	1% Increase (6.5%)
Total OPEB Liability	\$ 9,405,370	\$ 10,973,736	\$ 12,962,417

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

For the year ended June 30, 2020, the Sheriff recognized OPEB expense of \$723,176. At June 30, 2020, the Sheriff reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 27,394	\$ 123,551
Changes of assumptions	1,663,870	-
Total	\$ 1,691,264	\$ 123,551

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

Fiscal	
Year	
Ended	
6/30/2021	\$ 265,715
6/30/2022	265,715
6/30/2023	265,715
6/29/2024	265,715
6/29/2025	265,715
Thereafter	239,138
Total	\$ 1,567,713

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(7) Deferred Compensation Plan

Effective November 2018, the Sheriff entered into an AXA 457(b) deferred compensation plan with Axa Equitable. All employees are eligible to participate in the Plan. The Plan allows employees to defer a portion of their salary until future years. The Sheriff makes matching contributions of each employee's elective deferral depending on years of service up to 100% of the employee's contribution. Contributions made by the Sheriff for the year ended June 30, 2020 were \$80,343.

(8) 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.

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 General 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.

For the year ended June 30, 2020, the general fund reported a claims liability of \$63,317. The claims liability is based on the requirements of GASB, which is 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

	2020	2019
Unpaid claims, beginning	\$ 111,464	\$ 86,265
Claims incurred	(1,149,287)	(1,636,841)
Claims payments	1,101,140	1,662,040
Unpaid claims, ending	\$ 63,317	\$ 111,464

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Claims payable of \$63,317 at June 30, 2020 consisted of claims incurred prior to June 30, 2020 and paid subsequent to that date.

(9) Tax Abatements

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten year of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at the time. The future value of this exempt property could be subject to significant fluctuations from today's value; however, the Sheriff could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed due, no adjustments have been made to the Sheriff's financial statements to record a receivable. The Sheriff's ad valorem tax revenues were reduced by \$46,432 as a result of the tax abatement.

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

(10) Ex-officio Tax Collector

The amount of cash on hand in the tax collector account consists of the following:

Payments received in June and disbursed in July were for:

State revenue sharing	\$ 888
Occupational licenses	48,507
Ad Valorem taxes	<u>179,743</u>
Total	<u>\$ 229,138</u>

The amount of taxes collected for the year by the taxing authority is as follows:

Abbeville Harbor & Terminal	\$ 379,033
Abrom Kaplan Memorial Hospital	399,887
Assessment District	779,483
Consolidated Gravity #2	326,346
Consolidated Gravity Drainage District #1	502,806
Coulee Baton	85,901
Coulee Des Jone Drainage District	250,667
Coulee Kinney	982,950
Gravity Drainage District #2	360,824
Gueydan Gravity Drainage	485,401
Hospital Service District #3	190,386
Isle Maronne	233,723
Louisiana Department of Agriculture	1,682
Louisiana Tax Commission	29,214
7th Ward Fire District	193,577
7th Ward Gravity 2 Maint	451,583
Pecan Island Fire District #16	117,832
Prairie Gregg	705,389
Teche Vermilion Fresh Water District	419,498
Twin Parish Port	170,897
Vermilion Parish Library	1,297,055
Vermilion Parish Police Jury	4,724,237
Vermilion Parish School Board	11,796,349
Vermilion Parish Sheriff's Office	<u>2,785,436</u>
Total	<u>\$ 27,670,156</u>

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

Taxes assessed and uncollected were due to delinquent taxes and movable property and the amounts are as follows:

	Unpaid - Delinquent Taxes	Movable Property	Total
Abbeville Harbor & Terminal	\$ 5,281	\$ 8,575	\$ 13,856
Abrom Kaplan Memorial Hospital	19,644	-	19,644
Assessment District	12,551	12,125	24,676
Consolidated Gravity #2	18,606	-	18,606
Consolidated Gravity Drainage District #1	1,038	-	1,038
Coulee Baton	260	-	260
Coulee Des Jonc Drainage District	4,884	252	5,136
Coulee Kinney	269	7,588	7,857
Gravity Drainage District #2	5,358	-	5,358
Gueydan Sub Drainage District #5	2,352	27,333	29,685
Health Unit	-	24,111	24,111
Hos Serv Dist 3	772	8,972	9,744
Isle Maronne	16,153	-	16,153
7th Ward Fire District	22	27,578	27,600
7th Ward Gravity Drainage District 2	293	59,652	59,945
Pecan Island Fire District #16	8,014	1,727	9,741
Prairie Gregg	16,523	23,259	39,782
Teche Vermilion Fresh Water District	6,756	6,524	13,280
Twin Parish Port	228	4,863	5,091
Vermilion Parish Library	20,886	20,178	41,064
Vermilion Parish Police Jury	78,284	61,088	139,372
Vermilion Parish School Board	189,936	183,507	373,443
Vermilion Parish Sheriff's Office	82,335	5,257	87,592
Total	<u>\$ 490,445</u>	<u>\$ 482,589</u>	<u>\$ 973,034</u>

(11) 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	\$ 474,139	\$ 432,908	\$ 41,231
Vermilion Parish Sheriff's Office	83,672	76,395	7,276
Total	<u>\$ 557,810</u>	<u>\$ 509,303</u>	<u>\$ 48,507</u>

VERMILLION PARISH SHERIFF
Abbeville, Louisiana

Notes to Basic Financial Statements

(12) 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.

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

A detail of compensation, benefits, and other payments paid the Sheriff Mike Couvillon is as follows:

Purpose	Amount
Salary	\$ 165,869
Benefits- Insurance	7,448
Benefits- Retirement	22,646
Benefits- Dental	355
Benfits- Life Insurance	1,752
Benefits - deferred comp match	19,000
Cell phone	1,306
Registration fees	275
Conference travel	465
Total	\$ 219,116

(14) New Accounting Pronouncements

As of July 1, 2019, the Sheriff adopted GASB Statement No. 84, Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds).

The changes have the following effect on the accounts listed below at June 30, 2019:

Accounts affected	As Originally Presented	After Adoption of GASB 84
Accounts payable	\$ 70,160	\$ 520,203
Due to taxing bodies and others	\$ 544,499	\$ -
Net assets	\$ 470,536	\$ -
Net position - held for others	\$ -	\$ 509,312

**REQUIRED SUPPLEMENTARY
INFORMATION**

VERMILION PARISH SHERIFF
Abbeville, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 2,835,000	\$ 2,800,000	\$ 2,785,737	\$ (14,263)
Sales tax	5,600,000	5,710,000	5,847,729	137,729
Intergovernmental revenues	807,500	797,695	824,593	26,898
Fees, charges, and commissions for services -				
Commissions on licenses, taxes, etc.	66,000	77,800	76,387	(1,413)
Fines and forfeitures	120,000	97,000	102,233	5,233
Civil and criminal fees	325,000	337,978	287,928	(50,050)
Court costs and attendance	12,000	12,000	9,894	(2,106)
Feeding, keeping, and transporting prisoners	720,000	822,048	703,498	(118,550)
Federal grants	35,000	31,943	1,305,556	1,273,613
Other	120,800	140,909	173,511	32,602
Investment earnings and losses	15,000	11,000	701,782	690,782
Total revenues	<u>10,656,300</u>	<u>10,838,373</u>	<u>12,818,848</u>	<u>1,980,475</u>
Expenditures:				
Current -				
Public safety	10,753,100	10,741,235	10,493,280	247,955
Capital outlay	312,500	436,376	395,844	40,532
Total expenditures	<u>11,065,600</u>	<u>11,177,611</u>	<u>10,889,124</u>	<u>288,487</u>
Excess of revenues over expenditures	(409,300)	(339,238)	1,929,724	2,268,962
Other financing sources (uses):				
Sale of equipment	5,000	-	-	-
Net change in fund balance	(404,300)	(339,238)	1,929,724	2,268,962
Fund balance, beginning	<u>15,982,659</u>	<u>15,982,659</u>	<u>15,982,659</u>	<u>-</u>
Fund balance, ending	<u>\$ 15,578,359</u>	<u>\$ 15,643,421</u>	<u>\$ 17,912,383</u>	<u>\$ 2,268,962</u>

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Total OPEB Liability *	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	\$ 190,268	\$ 189,154	\$ 151,404
Interest	287,438	299,168	306,057
Changes of benefit terms	-	-	-
Differences between expected and actual experience	33,715	(88,568)	(54,592)
Changes of assumptions	-	-	1,941,182
Benefit payments	<u>(176,269)</u>	<u>(176,269)</u>	<u>(229,603)</u>
Net change in total OPEB liability	335,152	223,485	2,114,448
Total OPEB liability - beginning	<u>8,300,651</u>	<u>8,635,803</u>	<u>8,859,288</u>
Total OPEB liability - ending	<u>\$8,635,803</u>	<u>\$8,859,288</u>	<u>\$ 10,973,736</u>
Covered-employee payroll	<u>\$5,348,868</u>	<u>\$5,348,868</u>	<u>\$ 5,624,237</u>
Total OPEB liability as a percentage of covered-employee payroll	161.45%	165.63%	195.12%

* Equal to net OPEB liability

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's Share of Net Pension Liability -
Sheriff's Pension and Relief Fund
For the Year Ended June 30, 2020

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.807%	\$3,819,466	\$ 5,642,362	67.7%	88.91%
2019	0.787%	\$3,016,292	\$ 5,413,831	55.7%	90.41%
2018	0.788%	\$3,413,750	\$ 5,460,432	62.5%	88.49%
2017	0.806%	\$5,112,760	\$ 5,501,500	92.9%	82.10%
2016	0.794%	\$3,538,832	\$ 5,250,386	67.4%	86.61%
2015	0.761%	\$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, 2020

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2020	\$ 702,987	\$ 702,987	-	\$ 5,738,627	12.25%
2019	\$ 691,194	\$ 691,194	-	\$ 5,642,362	12.25%
2018	\$ 690,269	\$ 690,269	-	\$ 5,413,831	12.75%
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, 2020

(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.

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, 2020

(2) OPEB

Benefit changes –

There were no changes of benefit terms.

Changes of assumptions –

Year ended June 30,	Discount Rate	Mortality Table	Healthcare Cost Trend
2018	3.50%	RP-2000	5.50%
2019	3.50%	RP-2000	5.50%
2020	2.21%	RP-2000	variable

(3) Pension Plan

Changes of Benefit Terms -

There were no changes of benefit terms.

Changes of Assumptions –

* Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	6.00%	7.70%	3.000%	6	6.00%
2016	7.60%	7.70%	2.870%	6	5.50%
2017	7.50%	7.60%	2.875%	7	5.50%
2018	7.40%	7.50%	2.775%	7	5.50%
2019	7.25%	7.25%	2.600%	6	5.50%
2020	7.10%	7.10%	2.500%	6	5.50%

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

**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:

\$229,138 is the amount of cash on hand in the tax collector account on June 30, 2020;

He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2019, 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 22nd day of December 2020, in my office in Abbeville, Louisiana.

Jody G. Mealy (Signature)
JODY GMEALY (Print), #40220
Notary Public
6/22/2023 (Commission)

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S 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 major fund, and the aggregate remaining fund information of the Vermilion Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. 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 2020-001 and 2020-002 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, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 23, 2020

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Michael Couvillon
Vermilion Parish Sheriff
Vermilion, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Vermilion Parish Sheriff's (the Sheriff) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sheriff's major federal programs for the year ended June 30, 2020. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Sheriff's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Sheriff is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing and internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 23, 2020

VERMILION PARISH SHERIFF

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass- Through Identifying No.	<u>Expenditures</u>
United States Department of Treasury Passed through the State of Louisiana Division of Administration Coronavirus Relief Fund - COVID-19	21.019	N/A	\$ 1,228,257
United States Department of Justice Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX- 0088	26,619
United States Department of Homeland Security Passed through the Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - 4458 - PA - LA PW 4	20,680
United States Department of Homeland Security Passed through the Governor's Office of Homeland Security and Emergency Preparedness - Homeland Security Grant Program (HSGP)	97.067	EMW-2017-SS- 00058-S01	<u>30,000</u>
			<u>\$ 1,305,556</u>

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

(1) General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Vermilion Parish Sheriff under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Vermilion Parish Sheriff, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Vermilion Parish Sheriff.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Sheriff's basic financial statements for the year ended June 30, 2020. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Sheriff has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

VERMILION PARISH SHERIFF

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial report:

Material weakness(es) identified? _____ yes X no
Significant deficiencies identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over financial report:

Material weakness(es) identified? _____ yes X no
Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

VERMILION PARISH SHERIFF

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

See internal control finding 2020-001 through 2020-002 on the schedule of current and prior year findings and management's corrective action plan.

B. Compliance Findings –

None to report.

Part III. Findings and questioned costs for Major Federal awards which in accordance with 2 CFR section 200 of the Uniform Guidance:

There are no findings and questioned costs related to federal programs that are required to be reported under the above guidance.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

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

A. Internal Control Over Financial Reporting

2020-001 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.”

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.

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.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2020

CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of fully segregating accounting functions and determined that it would not be cost effective to fully segregate these functions. We evaluated our processes, and to the extent practicable with our current staffing level, have reassigned duties and functions and have created compensating controls. While this may not be sufficient to eliminate this finding, we feel that we have taken appropriate steps to reduce the financial statement risk caused by inadequate segregation of accounting functions.

2020-002

Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Sheriff's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition is the result from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a 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.

CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

VERMILION PARISH SHERIFF
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (continued)
Year Ended June 30, 2020

B. Compliance

None to report.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 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 2019-001.

2019-002 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 2020-002.

B. Compliance

None reported.



Michael "Mike" Couvillon

VERMILION PARISH
SHERIFF & EX-OFFICIO TAX COLLECTOR
P.O. BOX 307
ABBEVILLE, LOUISIANA 70511-0307
PHONE: 337-898-4409



December 23, 2020

To Whom It May Concern:

The Vermilion Parish Sheriff respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit conducted by:

Kolder, Slaven & Company, LLC
210 S Main Street
Abbeville, LA 70560

Audit Period: Fiscal year ended June 30, 2020

The finding from the June 30, 2020 schedule of findings and management's corrective action plan is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Internal control over financial reporting

2020-001 **RECOMMENDATION:** Management should evaluate the cost vs. benefit of complete segregation of duties and whenever possible, 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.

CORRECTIVE ACTION PLAN: We have evaluated the cost vs. benefit of fully segregating accounting functions and determined that it would not be cost effective to fully segregate these functions. We evaluated our processes, and to the extent practicable with our current staffing level, have reassigned duties and functions and have created compensating controls. While this may not be sufficient to eliminate this finding, we feel that we have taken appropriate steps to reduce the financial statement risk caused by inadequate segregation of accounting functions.

2020-002 **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.

CORRECTIVE ACTION PLAN: We have evaluated the cost vs. benefit of establishing controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

If there are questions regarding the plan, please feel free to call Sheriff Michael A. Couvillon at 337-898-4409.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Couvillon". The signature is written in a cursive style with a large initial "M".

Michael A. Couvillon
Sheriff, Vermilion Parish



Michael "Mike" Couvillon

VERMILION PARISH
SHERIFF & EX-OFFICIO TAX COLLECTOR
P.O. BOX 307
ABBEVILLE, LOUISIANA 70511-0307
PHONE: 337-898-4409



December 23, 2020

To Whom It May Concern:

The Vermilion Parish Sheriff respectfully submits the following schedule of prior audit findings for the year ended June 30, 2019.

Audit conducted by:

Kolder, Slaven & Company, LLC
210 S Main Street
Abbeville, LA 70560

Fiscal Year Finding Initially Occurred: Unknown

FINDING – FINANCIAL AUDIT

Internal control over financial reporting

2019-001 **RECOMMENDATION:** Management should evaluate the cost vs. benefit of complete segregation of duties and whenever possible, 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.

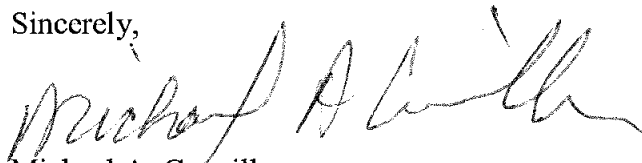
CORRECTIVE ACTION TAKEN: We have evaluated the cost vs. benefit of fully segregating accounting functions and determined that it would not be cost effective to fully segregate these functions. We evaluated our processes, and to the extent practicable with our current staffing level, have reassigned duties and functions and have created compensating controls. While this may not be sufficient to eliminate this finding, we feel that we have taken appropriate steps to reduce the financial statement risk caused by inadequate segregation of accounting functions.

2019-002 **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.

CORRECTIVE ACTION TAKEN: We have evaluated the cost vs. benefit of establishing controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

If there are questions regarding the plan, please feel free to call Sheriff Michael A. Couvillon at 337-898-4409.

Sincerely,



Michael A. Couvillon
Sheriff, Vermilion Parish

