

VERNON PARISH POLICE JURY
Leesville, Louisiana

Primary Government Financial Statements
and Independent Auditor's Reports
As of December 31, 2001, and for the Year Then Ended

VERNON PARISH POLICE JURY
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and Independent Auditor's Reports
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Independent Auditor's Report

VERNON PARISH POLICE JURY
Leesville, Louisiana

I have audited the financial statements of the Vernon Parish Police Jury, primary government, as of December 31, 2001, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the police jury's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

A primary government is a legal entity or body politic and includes all funds and organizations that are not legally separate. In my opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of the Vernon Parish Police Jury, as of December 31, 2001, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the Vernon Parish Police Jury, do not purport to, and do not, present fairly the financial position of the Vernon Parish Police Jury as of December 31, 2001, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

As described in note 13 to the financial statements, the Vernon Parish Police Jury is a defendant in several lawsuits. These law suits are in various stages of resolution, and their ultimate outcome cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Independent Auditor's Report
(Continued)

In accordance with *Government Auditing Standards*, I have also issued a report dated June 24, 2002, on my consideration of internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the primary government financial statements. The accompanying supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the primary government financial statements of the police jury. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required By U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the primary government financial statements of the police jury. Such information has been subjected to the procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
June 24, 2002

VERNON PARISH POLICE JURY, PRIMARY GOVERNMENT
LEESVILLE, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001
AND FOR THE YEAR THEN ENDED

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 2001

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$3,119,002	\$11,978,201	\$1,319,146	
Investments, at cost		1,750,000		
Receivables	480,503	2,292,371	457,611	
Interfund receivables	73,884			
Land, buildings and equipment				
Other debits:				
Amount available in debt service funds				
Amount to be provided for retirement of general long-term debt				
TOTAL ASSETS AND OTHER DEBITS	\$3,673,389	\$16,420,572	\$1,776,756	NONE
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts, salaries, and other payables	\$26,335	\$140,507	\$15,819	
Interfund payables		73,884		
Escrow deposits	27,257			
Deferred revenues		49,508		
Bonds and certificates of indebtedness payable				
Bank loans payables				
Capital leases payable				
Total liabilities	53,592	263,899	15,819	NONE
Fund Equity:				
Investment in general fixed assets				
Fund balances:				
Reserved for debt service			1,760,937	
Unreserved - undesignated	3,619,797	16,156,673		
Total Fund Equity	3,619,797	16,156,673	1,760,937	NONE
TOTAL LIABILITIES AND FUND EQUITY	\$3,673,389	\$16,420,572	\$1,776,756	NONE

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
		\$16,416,349
		1,750,000
		3,630,485
		73,884
\$20,501,862		20,501,862
	\$1,760,937	1,760,937
	5,493,947	5,493,947
<u>\$20,501,862</u>	<u>\$7,254,884</u>	<u>\$49,627,464</u>
		\$182,661
		73,884
		27,257
		49,508
	\$5,472,000	5,472,000
	205,247	205,247
	1,577,637	1,577,637
NONE	7,254,884	7,588,195
\$20,501,862		20,501,862
		1,760,937
		19,776,470
<u>20,501,862</u>	<u>NONE</u>	<u>42,039,269</u>
<u>\$20,501,862</u>	<u>\$7,254,884</u>	<u>\$49,627,464</u>

VERNON PARISH POLICE JURY
Leesville, Louisiana
GOVERNMENTAL FUND TYPES

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2001

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Taxes:					
Ad valorem	\$218,336	\$2,103,914	\$481,077		\$2,803,328
Sales and use		5,574,243			5,574,243
Other taxes, licenses, and interest	19,873				19,873
Licenses and permits	155,877				155,877
Intergovernmental revenues:					
Federal funds	134,109	1,878,168			2,012,277
State funds	1,831,206	1,025,707			2,856,913
Fees, charges, and commissions					
for services	115,674	93,730			209,404
Fines and forfeitures		545,756			545,756
Use of money and property	140,562	521,253	36,665	\$5,155	703,635
Other revenues	65,878				65,878
Total revenues	2,681,515	11,742,770	517,743	5,155	14,947,183
EXPENDITURES					
Current:					
General government:					
Legislative	372,031				372,031
Judicial	236,536	623,333			859,870
Elections	49,788				49,788
Finance and administrative	571,794	152,920	15,819		740,534
Other	439,932	620,132			1,060,063
Public safety	130,070	1,163,807			1,293,878
Public works	393,670	6,759,785			7,153,455
Health and welfare	192,368	329,494			521,862
Culture and recreation	15,105	777,506			792,611
Economic development and assistance	67,055	1,595,256			1,662,311
Capital outlay				452,915	452,915
Debt service	33,600	388,038	883,351		1,304,989
Total expenditures	2,501,951	12,410,270	899,170	452,915	16,264,306
EXCESS (Deficiency) OF REVENUES OVER					
EXPENDITURES	179,564	(667,500)	(381,428)	(447,760)	(1,317,124)

(Continued)

The accompanying notes are an integral part of this statement.

VERNON PARISH POLICE JURY
Leesville, Louisiana
GOVERNMENTAL FUND TYPES

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2001

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
OTHER FINANCING SOURCES (USES)					
Increase in general long-term debt	\$317,000	\$402,588			\$719,588
Operating transfers in	54,134	7,829,423	\$456,000		8,339,558
Operating transfers out	(554,395)	(7,785,163)			(8,339,558)
Total other financing sources (uses)	(183,261)	446,849	456,000	NONE	719,588
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	(3,697)	(220,651)	74,572	(\$447,760)	(597,535)
FUND BALANCE AT BEGINNING OF YEAR	3,623,494	16,377,324	1,686,365	447,760	22,134,942
FUND BALANCE AT END OF YEAR	<u>\$3,619,797</u>	<u>\$16,156,673</u>	<u>\$1,760,937</u>	<u>NONE</u>	<u>\$21,537,407</u>

(Concluded)

The accompanying notes are an integral part of this statement.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 For the Year Ended December 31, 2001

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			

Taxes:			
Ad valorem	\$210,000	\$214,798	\$4,798
Sales			
Other taxes, penalties, and interest	29,000	30,565	1,565
Licenses and permits	150,000	149,463	(537)
Intergovernmental revenues:			
Federal funds	104,880	108,836	3,956
State funds	1,787,740	1,820,132	32,392
Fees, charges, and commissions for services	59,800	57,490	(2,310)
Fines and forfeitures	10,000	9,430	(570)
Use of money and property	198,831	199,827	996
Other revenues	67,500	66,152	(1,348)
	-----	-----	-----
Total revenues	2,617,751	2,656,693	38,942
	-----	-----	-----
EXPENDITURES			

Current:			
General government:			
Legislative	382,700	371,059	11,641
Judicial	247,720	239,939	7,781
Elections	51,820	43,803	8,017
Finance and administrative	561,772	543,982	17,790
Other	253,430	406,949	(153,519)
Public safety	184,150	165,751	18,399
Public works	362,100	356,223	5,877
Health and welfare	170,510	157,439	13,071
Culture and recreation	16,810	15,105	1,705
Economic development	40,850	35,764	5,086
Debt service	33,600	33,600	
	-----	-----	-----
Total expenditures	2,305,462	2,369,614	(64,152)
	-----	-----	-----

(Continued)

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$1,980,320	\$2,051,221	\$70,901
5,624,500	5,562,986	(61,514)
194,170	194,164	(6)
1,029,153	976,093	(53,060)
68,420	79,752	11,332
522,400	550,202	27,802
501,832	519,970	18,138
9,000	9,908	908
9,929,795	9,944,296	14,501
697,320	698,870	(1,550)
149,500	151,003	(1,503)
611,160	604,653	6,507
1,176,470	1,160,220	16,250
7,009,778	6,698,662	311,116
319,810	316,506	3,305
760,890	752,968	7,922
1,860	1,864	(4)
10,726,788	10,384,745	342,043

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 For the Year Ended December 31, 2001

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$312,289	\$287,079	(\$25,210)
OTHER FINANCING SOURCES (Uses)			
Proceeds from sale of certificates of indebtedness	317,000	317,000	
Operating transfers in	240,010	239,437	(573)
Operating transfers out	(861,400)	(826,175)	35,225
Total other financing sources (uses)	(304,390)	(269,738)	34,652
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	7,899	17,341	9,442
FUND BALANCE AT BEGINNING OF YEAR	3,113,186	3,113,186	
FUND BALANCE AT END OF YEAR	\$3,121,085	\$3,130,527	\$9,442

(Concluded)

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
(\$796,993)	(\$440,449)	\$356,544
8,260,049 (8,153,810)	8,188,036 (8,005,747)	(72,013) 148,063
106,239	182,289	76,050
(690,753)	(258,159)	432,594
13,860,663	13,860,663	
<u>\$13,169,910</u>	<u>\$13,602,504</u>	<u>\$432,594</u>

VERNON PARISH POLICE JURY
Leesville, Louisiana

Notes to the Financial Statements
As of December 31, 2001, and for the Year Then Ended

INTRODUCTION

The Vernon Parish Police Jury is the governing authority for Vernon Parish and is a political subdivision of the State of Louisiana. The police jury is governed by 12 jurors representing the various districts within the parish. The jurors serve four-year terms which expire in January 2004.

Louisiana Revised Statute 33:1236 gives the police jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for their own government, to regulate the construction and maintenance of roads and bridges, to regulate the construction and maintenance of drainage systems, to regulate the sale of alcoholic beverages, and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Vernon Parish Police Jury is the financial reporting entity for Vernon Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (police jury) financial statements are not a substitute for the reporting entity's financial statements.

The police jury has chosen to issue financial statements of the primary government (police jury) only; therefore, none of the component units that comprise the reporting entity are included in the accompanying financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

B. FUND ACCOUNTING

The police jury uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classification and description of each existing fund type follows:

Governmental Funds

Governmental funds are used to account for the police jury's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

1. **General Fund** -- the general operating fund of the police jury. It accounts for all activities except those required to be accounted for in other funds.
2. **Special revenue funds** -- account for the proceeds of specific revenue sources such as ad valorem taxes, sales taxes, and federal grants that are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes.
3. **Debt Service Funds** -- account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related charges.
4. **Capital Projects Funds** -- account for financial resources to be used to acquire or construct major capital facilities.

C. FIXED ASSETS

Fixed assets of the governmental funds, valued at historical cost, are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed asset account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are immaterial and are not capitalized. No depreciation has been provided on general fixed assets.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

D. LONG-TERM DEBT

Long-term debt expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments are recognized in the governmental funds when due.

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. 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 be used to pay liabilities of the current period. The police jury uses the following practices in recognizing and reporting revenues and expenditures in the governmental funds:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Federal and state grants are recorded when the police jury is entitled to the funds.

Fines and forfeitures are recognized in the period they are collected by the parish sheriff.

Sales and use taxes are recognized in the month received by the police jury's collection agents, the Vernon Parish School Board and the Louisiana Department of Public Safety and Corrections - Office of Motor Vehicles. The related receivable in the financial statements represents sales tax collections from the Louisiana Department of Public Safety and Corrections - Office of Motor Vehicles for December 31, 2001 and remitted to the police jury in January 2002.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recorded when they become available to the police jury.

Based on the above criteria, ad valorem taxes, state revenue sharing, federal and state grants, fines and forfeitures, licenses and permits, and sales taxes on motor vehicles are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid and increases in long-term debt are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

F. BUDGET PRACTICES

Preliminary budgets, based on cash estimates, for the ensuing year are prepared by the treasurer beginning in October. The finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. During its regular December meeting, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the police jury as a whole. The budgets are then adopted during the regular December meeting, and notice is published in the official journal.

During the year, the police jury receives monthly budget comparison statements which are used as a tool to control the operations of the parish. The treasurer presents necessary budget amendments to the jury when it is determined that actual operations are differing materially from those anticipated in the original budget. The jury in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in jury minutes published in the official journal.

The police jury exercises budgetary control at the functional level. Within functional levels, the treasurer has the authority to make amendments as necessary. The police jury does not utilize encumbrance accounting in its budget practices. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Notes to the Financial Statements
 (Continued)

The following is a reconciliation of Statement C (Non-GAAP) basis to Statement B (GAAP basis):

	General Fund	Special Revenue Funds
	-----	-----
Excess (deficiency) of revenues and other sources over expenditures and other uses - (cash basis) Statement C	\$17,341	(\$258,159)
Adjustments:		
Revenues/Receivables (net)	24,822	1,798,474
Expenditures/Payables (net)	(132,337)	(2,025,526)
Other	86,477	264,560
	-----	-----
Excess (deficiency) of revenues and other sources over expenditures and other uses - (GAAP basis) Statement B	(\$3,697)	(\$220,651)
	-----	-----

G. ENCUMBRANCES

Encumbrances accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed for commitments of the police jury. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

H. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the police jury may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

I. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds to comply with various state and local laws and tax propositions that may result in receivables and payables among the various funds. These receivables and payables are classified as interfund receivables/payables.

J. COMPENSATED ABSENCES

Employees of the Vernon Parish Police Jury earn from 5 to 15 days of vacation leave each year, depending on their length of service. Vacation leave earned must be taken in the following year. Employees earn one day of sick leave for each month of service. A maximum accumulation of 40 days of sick leave is allowed. Accumulated sick leave is forfeited upon termination of employment.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

Employees of the Vernon Parish Library earn from 12 to 22.5 days of vacation leave each year, depending on their length of service. Unused vacation leave cannot be carried forward, except under unusual circumstances. Employees are not paid for unused vacation leave upon termination of employment. All full-time employees earn 10 days of sick leave each year. Employees are permitted to carry forward five days of unused sick leave to the next year up to a maximum of 90 days. Employees are not paid for unused sick leave upon termination of employment.

All full-time employees of the Thirtieth Judicial District Criminal Court earn two weeks of vacation leave each year. Vacation leave must be taken in the year earned. Employees are entitled to pay during reasonable periods of illness.

Based on the aforementioned policies, there are no accumulated or vested benefits relating to compensated absences, at December 31, 2001, that require accrual or disclosure to conform with generally accepted accounting principles.

K. SALES TAXES

On March 12, 1996, the voters of the parish approved two sales and use taxes of one per cent (1%) and one-half of one per cent (1/2%). Both taxes are for a ten-year period, from April 1, 1996, and may be used to fund and retire bonds as provided by Louisiana Revised Statute 39:698. The proceeds of the one per cent tax, after paying cost to collect and administer the tax, are dedicated and used to pay the costs of collecting and disposing of solid waste with the remainder of the proceeds of the tax to be used for constructing and improving hard surface roads and bridges in the parish, including the acquisition of equipment. The proceeds of the one-half per cent tax, after paying costs to collect and administer the tax are to be used as follows:

1. Fifty per cent of the proceeds of the tax (one-quarter of one per cent) is used to construct, improve, and maintain public roads, highways, and bridges in the parish.
2. Fifty per cent of the proceeds of the tax (one-quarter of one per cent) is used to construct, acquire, improve, maintain, and operate parishwide fire protection facilities.

L. HOTEL/MOTEL TAX

As provided by Louisiana Revised Statute 33:4574, the police jury has levied a three per cent tax on the occupancy of all hotel/motel rooms and overnight camping facilities in the parish. Proceeds of the tax, less collection costs, are distributed to the Vernon Parish Tourist and Recreation Commission for the promotion of tourism in Vernon Parish.

M. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Notes to the Financial Statements
 (Continued)

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues or expenditures. 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, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

O. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At December 31, 2001, the police jury has cash and cash equivalents (book balances) as follows:

Petty cash	\$475
Interest bearing demand deposits	8,662,132
Time and certificates of deposit	<u>7,753,742</u>
Total Cash and Cash Equivalents	<u>\$16,416,349</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) totaling \$16,770,951 are adequately secured by \$300,000 of federal deposit insurance (GASB Category 1), and \$16,470,951, of securities held in the trust department of the fiscal agent banks, but not in the name of the police jury. (GASB Category 3).

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Notes to the Financial Statements
 (Continued)

Because the pledged securities are held in the trust department of the fiscal agent banks, in the name of the fiscal agent bank rather than in the name of the police jury, they are considered uncollateralized under the provisions of GASB Codification 150.163(b); however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand.

3. INVESTMENTS

At December 31, 2001, the police jury has invested in a \$1,750,000 (cost) United States Government Backed Bond with the Federal Home Loan Bank Board. The market value of this investment, at December 31, 2001, is approximately \$1,750,000. The investment is owned by the Sanitary Landfill - Special Revenue Fund.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2001:

Class of Receivable	General Fund	Special Revenue Funds	Debt Service Funds	Total
Taxes:				
Ad valorem	\$201,580	\$1,939,836	\$457,611	\$2,599,027
Sales and use		88,192		88,192
Other taxes, licenses, etc.	8,160			8,160
Licenses and permits				
Intergovernmental revenues:				
Federal	1,535	336,023		337,558
State	260,026	288,658		548,684
Other	9,202	39,662		48,864
Total	\$480,503	\$2,692,371	\$457,611	\$3,630,485

5. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the year ended December 31, 2001:

	Land	Buildings	Machinery and Equipment	Library Books and Other	Total
Balance, January 1, 2001	\$485,345	\$8,190,631	\$10,521,944	\$648,305	19,846,224
Additions	85,688	154,495	415,455		655,638
Deductions	NONE	NONE	NONE	NONE	NONE
Balance, December 31, 2001	\$571,033	\$8,345,126	\$10,937,399	\$648,305	\$20,501,862

Fixed asset records of the police jury do not provide information relating to the fixed assets recorded at historical and/or estimated historical cost.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

6. PENSION PLANS

Parochial Employees Retirement System of Louisiana -- substantially all employees of the police jury are members of the Parochial Employees Retirement System of Louisiana ("system"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the police jury are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from funds and all elected parish officials are eligible to participate in the system. Under Plan B, employees who retire at or after age 62 with at least 10 years of credited service or at or after age 55 with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average compensation in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 62. In any case, benefits paid under Plan B cannot exceed the lesser of 100 per cent of the final-average salary multiplied by total years of creditable service. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post office Box 14619, Baton Rouge, LA 70898-4619, or by calling (504) 928-1361.

Under Plan B, members are required by state statute to contribute 2.0 percent of their annual covered salary in excess of \$1,200 and the employer is required to contribute at an actuarially determined rate. The current rate is 2.50 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The required employer contributions to the System under Plan B for the years ending December 31, 2001, 2000, and 1999, have been made by the police jury.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Notes to the Financial Statements
 (Continued)

7. LEASES

The police jury records items under capital leases as an asset and an obligation in the accompanying financial statements. The lease obligations, consisting of equipment are paid from various special revenue funds. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 2001:

Year Ending December 31, -----	Capital Leases -----
2002	\$810,482
2003	451,222
2004	225,317
2005	152,942
2006	42,039
Thereafter	59,437
Totals	----- 1,741,439
Less - amount representing interest	(163,802)

Present value of future lease payments	\$1,577,637 -----

The police jury has entered into operating leases for maintenance yards. These maintenance yards are used to store equipment and fuel for maintaining the parish's road system. The leases may be terminated by either the lessor or the lessee by giving 30 days written notice.

8. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 2001:

	General Obligation Bonds and Certificates of Indebtedness	Bank Loans	Capital Leases	Total
	-----	-----	-----	-----
Long-term debt payable at January 1, 2001	\$5,760,000	\$239,731	\$1,458,992	\$7,458,724
Additions	317,000		402,588	719,588
Deductions	(605,000)	(34,484)	(283,944)	(923,428)
	-----	-----	-----	-----
Long-term debt payable at December 31, 2001	\$5,472,000	\$205,247	\$1,577,637	\$7,254,884
	-----	-----	-----	-----

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Notes to the Financial Statements
 (Continued)

In accordance with Louisiana Revised Statute 39:562, the police jury is legally restricted from incurring long-term bonded debt in excess of 10 per cent of the assessed value of taxable property in the parish. At December 31, 2001, the statutory limit is \$11,615,703.

9. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the criminal court fund at year end be transferred to the parish's General Fund. The following details the amount due the General Fund at December 31, 2001:

Balance due at December 31, 2000	\$80,749
Amount remitted during 2001	(80,749)
Amount due for 2001	54,134

Balance due at December 31, 2001	\$54,134

10. INTERFUND ASSETS/LIABILITIES

Individual interfund balances at December 31, 2001, are comprised as follows:

Fund	Interfund	
	Receivables	Payables
-----	-----	-----
General Fund	\$73,884	NONE
-----	-----	-----
Special Revenue Funds		

Courthouse and Jail Maintenance Fund		\$879
Parishwide Road Maintenance Fund		8,650
Library Maintenance Fund		1,290
Fire District No. 1 Fund		226
Sanitary Landfill Fund		676
Criminal Court Fund		55,964
Tourist and Recreation Fund		241
Health Unit Maintenance Fund		111
Animal Shelter Maintenance Fund		419
Hotel/Motel Tax Fund		
Parishwide Overlay Fund		5,427
Federal Fund		
	-----	-----
Total Special Revenue Funds	NONE	73,884
	-----	-----
Total	\$73,884	\$73,884
	-----	-----

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

11. LITIGATION

At December 31, 2001, the police jury is involved several lawsuits. In the opinion of the district attorney, legal counsel for the police jury, the ultimate resolution of those lawsuits that have progressed to a point where a determination can be made will not represent a significant liability to the police jury, and the remaining lawsuits have not progressed to a point where a determination can be made of any possible loss. No provision for any liability that may result has been made in the accompanying financial statements.

12. FEDERAL PROGRAMS

The Vernon Parish Police Jury participates in various programs funded through the Louisiana Department of Labor and the Louisiana Department of Education by the United States Department of Labor. The police jury is a member of the Fifth District Service Delivery Area (SDA), which consists of Allen, Beauregard, and Vernon Parishes. Members of the SDA entered into a multi-jurisdictional consortium agreement for the purpose of carrying out programs and activities. This agreement names the president of the Vernon Parish Police Jury as the authorized representative of the units of government signatory to the agreement. In addition, the agreement states that the entity designated as the grant recipient will receive the funds for the consortium area and be held ultimately liable for the funds.

A. Workforce Investment Board (WIB) - consists of 15 members representing a cross section of the SDA population. The WIB is responsible for providing program development guidance and for monitoring operations of the administrative entity.

B. Designated chief elected official - this is a police jury president, elected by his peers from the Fifth District Service Delivery Area. His responsibilities are the same as the WIB.

C. Administrative entity - the organization selected by the WIB and the consortium to administer the program. All actions by the administrative entity must be approved by the WIB and the designated chief elected official.

The Vernon Parish Police Jury is the designated grant recipient and the administrative entity. As a grant recipient, the Vernon Parish Police Jury has (1) accepted full responsibility for funds expended in the grant; (2) assured the Louisiana Department of Labor that all funds provided will be expended in accordance with the requirements of all applicable federal and state regulations, policies and procedures, and the approved plan; and (3) accepted ultimate responsibility for the grant funds.

13. GENERAL LIABILITY INSURANCE

The Vernon Parish Police Jury has determined that the cost of general liability insurance coverage is prohibitive. Consequently, the police jury has not obtained general liability insurance coverage against possible losses resulting from claims filed by individuals who might suffer injury while on police jury property.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Notes to the Financial Statements
(Continued)

14. LANDFILL

The Vernon Parish Police Jury operates a Type III (Construction and Demolition Debris and Woodwaste) landfill. The facility, consisting of approximately 10 acres, was originally opened in 1986 and has a remaining estimated useful life of approximately 20 years. State and federal laws and regulations require that the police jury place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for three years after closure.

Annual closure costs to fill and cover each cell is minimal because the volume of material removed to open each cell normally exceeds the volume of material required to cover the cell on closure. Additionally, the cost of the final pre-closure cover and the postclosure monitoring costs for three years after closure are estimated at \$30,000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

As of December 31, 2001, the police jury, due to the immaterial amount of the estimated closure and postclosure care costs, has not recorded any liability relating to these cost estimates.

VERNON PARISH POLICE JURY
Leesville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2001

SPECIAL REVENUE FUNDS

HEALTH UNIT MAINTENANCE FUND -- accounts for the parish's portion of the cost of maintaining the parish health unit. Financing is provided by ad valorem taxes and state revenue sharing.

COURTHOUSE AND JAIL MAINTENANCE FUND -- accounts for the costs of operating and maintaining the parish courthouse and jail. Financing is provided by ad valorem taxes and state revenue sharing.

SANITARY LANDFILL MAINTENANCE FUND -- accounts for the costs incurred in operating the parish's solid waste disposal system. Operations are financed by a sales and use tax.

PARISHWIDE ROAD MAINTENANCE FUND -- accounts for part of the costs incurred in maintaining parish roads and bridges. Operations of this fund are financed by Federal grants, and appropriations from the State of Louisiana.

PARISHWIDE OVERLAY FUND -- accounts for part of the costs incurred in maintaining parish roads and bridges. Operations of this fund are financed primarily by ad valorem taxes and the related state revenue sharing funds.

ROAD DISTRICT MAINTENANCE FUNDS -- account for costs incurred in maintaining roads and bridges in the various road districts. Financing is provided primarily by ad valorem taxes and state revenue sharing. Revenues are dedicated for expenditure within the territorial boundaries of the individual road districts.

ROAD DISTRICT CONSTRUCTION FUNDS -- account for costs incurred in maintaining and constructing roads and bridges in the various road districts. Financing is provided by ad valorem taxes and state revenue sharing. Revenues are dedicated for expenditure within the territorial boundaries of the individual road districts.

PUBLIC IMPROVEMENT CONSTRUCTION FUND -- is comprised of balances remaining in the Public Improvements Debt Service Fund, and the Public Improvement Capital Projects Fund. The bond issue, serviced by the Public Improvement Debt Service Funds, was paid out in February 1981, and the construction project financed by this issue has been completed. The balance in the Public Improvements Construction Fund will be used to correct erosion and other problems at Lake Vernon and Lake Anacoco.

LIBRARY FUND -- accounts for the costs incurred in operating the parish library. Ad valorem taxes and state revenue sharing are the principal means of financing the library system.

CRIMINAL COURT FUND -- (Thirtieth Judicial District) accounts for fines and forfeitures imposed by the district court. These revenues, in addition to operating transfers from the police jury's General Fund, finance the operations of the criminal court. Expenditures are made from the Criminal Court Fund on motion of the district attorney and approval of the district judges.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Supplemental Information Schedules (Continued)

JUDICIAL EXPENSE FUND -- accounts for expenditures made to pay jurors and witness fees incurred in the operation of the court system. Financing is provided by operating transfer from the General Fund.

TOURIST AND RECREATION FUND -- accounts for expenditures made to promote tourism in Vernon Parish. The activities are financed by the levy of a hotel/motel sales tax.

HOTEL/MOTEL FUND -- accounts for expenditures relating to the collection of the hotel/motel sales tax and its subsequent remittance to the Tourist and Recreation Fund. Financing is provided by the levy of a hotel/motel sales tax.

FIRE PROTECTION DISTRICT NO. 1 FUND -- accounts for the cost of maintaining and operating fire stations throughout Vernon Parish. Financing is provided by a one-quarter of one per cent sales and use tax dedicated for that purpose.

FIRE PROTECTION INSURANCE FUND -- accounts for the cost of maintaining and operating fire stations throughout Vernon Parish. Financing is provided by the two per cent fire insurance rebate received from the State of Louisiana.

SALES TAX FUND -- accounts for the collection of sales and use taxes. After providing for the cost of collection, the net proceeds are distributed in accordance with the proposition approved by the electorate of Vernon Parish.

ECONOMIC DEVELOPMENT FUND -- accounts for the operations of the economic development program in Vernon Parish. Financing is provided from state grants.

ANIMAL SHELTER FUND -- accounts for the operations of the animal shelter program in Vernon Parish. Financing is provided by operating transfers from the Health Unit Maintenance Fund.

FEDERAL FUNDS -- the Vernon Parish Police Jury participates in various job training programs funded through the Louisiana Department of Labor and the Louisiana Department of Education by the United States Department of Labor. The police jury is a member of the Fifth District Service Delivery Area (SDA), which consists of Allen, Beauregard, and Vernon Parishes.

WELFARE-TO-WORK FUNDS (WTW) -- accounts for operations of the WTW Program. Financing is provided by grants from the United States Department of Labor, passed through the Louisiana Department of Labor and the Louisiana Department of Education. The WTW Program provides assistance to States and localities to help move hard-to-employ welfare recipients, certain noncustodial parents, certain former foster care recipients, and low-income custodial parents into lasting unsubsidized jobs and achieve self sufficiency.

WORKFORCE INVESTMENT ACT FUNDS (WIA) -- accounts for grants from the United States Department of Labor passed through the Louisiana Department of Labor. The program provides funding for the revitalization of the workforce investment system to provide workers with the information, advice, job search assistance, and training they need to get and retain good jobs and provides employers with skilled workers.

VERNON PARISH POLICE JURY, PRIMARY GOVERNMENT
LEESVILLE, LOUISIANA
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS
COMBINING SCHEDULES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2001

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 2001

	HEALTH UNIT	COURTHOUSE AND JAIL	SANITARY LANDFILL	PARISHWIDE ROAD MAINTENANCE	PARISHWIDE ROAD OVERLAY	ROAD DISTRICT MAINTENANCE	ROAD DISTRICT CONSTRUCTION
ASSETS							
Cash and cash equivalents	\$2,081,366	\$164,802	\$2,807,066	\$63,791	\$3,095,274	\$156,796	\$162,889
Investments, at cost			1,750,000				
Receivables	253,079	442,888		670,098		425,965	137,908
Interfund receivables							
TOTAL ASSETS	\$2,334,444	\$607,690	\$4,557,066	\$733,890	\$3,095,274	\$582,761	\$300,797
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$14,723	\$27,047	\$954	\$29,510		\$19,281	\$4,689
Interfund payables	111	879	676	8,650			
Deferred revenues							
Total liabilities	14,834	27,926	1,630	38,160	NONE	19,281	4,689
Fund Equity - fund balance - unreserved - undesignated	2,319,610	579,764	4,555,436	695,730	3,095,274	563,480	296,108
TOTAL LIABILITIES AND FUND EQUITY	\$2,334,444	\$607,690	\$4,557,066	\$733,890	\$3,095,274	\$582,761	\$300,797

(Continued)

PUBLIC IMPROVEMENT CONSTRUCTION	LIBRARY	CRIMINAL COURT	JUDICIAL EXPENSE	TOURIST AND RECREATION	HOTEL/ MOTEL TAX	FIRE PROTECTION DISTRICT NO. 1	FIRE INSURANCE FUND	SALES TAX	ECONOMIC DEVELOPMENT
\$150,128	\$410,362	\$76,115	\$3,596	\$8,658	\$100	\$1,352,533	\$517,896	\$15,000	\$893,575
	590,517	39,662						88,192	
<u>\$150,128</u>	<u>\$1,000,879</u>	<u>\$115,777</u>	<u>\$3,596</u>	<u>\$8,658</u>	<u>\$100</u>	<u>\$1,352,533</u>	<u>\$517,896</u>	<u>\$103,192</u>	<u>\$893,575</u>
	\$28,932	\$5,679			\$70	\$6,930		\$1,951	
	1,290	55,964		\$241		226			
NONE	30,223	61,643	NONE	241	70	7,156	NONE	1,951	NONE
\$150,128	970,656	54,134	\$3,596	8,417	30	1,345,377	\$517,896	101,241	\$893,575
<u>\$150,128</u>	<u>\$1,000,879</u>	<u>\$115,777</u>	<u>\$3,596</u>	<u>\$8,658</u>	<u>\$100</u>	<u>\$1,352,533</u>	<u>\$517,896</u>	<u>\$103,192</u>	<u>\$893,575</u>

VERNON PARISH POLICE JURY
Leesville, Louisiana
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 2001

	ANIMAL SHELTER	FEDERAL FUNDS	TOTALS
<u>ASSETS</u>			
Cash and cash equivalents	\$7,382	\$10,872	\$11,978,201
Investments, at cost			1,750,000
Receivables		44,063	2,692,371
Interfund receivables			
	<u>\$7,382</u>	<u>\$54,935</u>	<u>\$16,420,572</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$742		140,507
Interfund payables	419	\$5,427	73,884
Deferred revenues		49,508	49,508
Total liabilities	<u>1,161</u>	<u>54,935</u>	<u>263,899</u>
Fund Equity - fund balance - unreserved - undesignated	<u>6,221</u>	<u>NONE</u>	<u>16,156,673</u>
	<u>\$7,382</u>	<u>\$54,935</u>	<u>\$16,420,572</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>			

(Concluded)

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2001

	HEALTH UNIT	COURTHOUSE AND JAIL	SANITARY LANDFILL	PARISHWIDE ROAD MAINTENANCE	PARISHWIDE ROAD OVERLAY	ROAD DISTRICT MAINTENANCE
REVENUES						

Taxes:						
Ad valorem	\$247,900	\$434,525		\$304,593		\$403,864
Sales and use						
Intergovernmental revenues:						
Federal grants				291,960		
State funds	36,410	63,718		487,845	\$10,000	81,001
Fees, charges, and commissions for services			\$35,920			
Fines and forfeitures						
Use of money and property	79,319	8,759	201,345	2,604	121,450	3,474
Gifts and grants						
	-----	-----	-----	-----	-----	-----
Total revenues	363,629	507,002	237,265	1,087,003	131,450	488,339

EXPENDITURES						

Current:						
General government:						
Judicial						
Finance and administrative						
Other		620,132				
Public safety						
Public works			1,656,331	2,612,199	2,022,221	416,748
Health and welfare	163,329					
Culture and recreation						
Economic development and assistance						
Debt service				171,603		
	-----	-----	-----	-----	-----	-----
Total expenditures	163,329	620,132	1,656,331	2,783,802	2,022,221	416,748

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	200,300	(113,130)	(1,419,066)	(1,696,799)	(1,890,771)	71,592

OTHER FINANCING SOURCES (USES)						

Increase in general long-term debt				199,619		
Operating transfers in			3,450,476	1,413,456	1,827,922	
Operating transfers out	(110,000)		(2,384,759)			
	-----	-----	-----	-----	-----	-----
Total other financing sources (uses)	(110,000)	NONE	1,065,717	1,613,075	1,827,922	NONE

EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	90,300	(113,130)	(353,349)	(83,724)	(62,849)	71,592

FUND BALANCES AT BEGINNING OF YEAR	2,229,311	692,893	4,908,786	779,454	3,158,123	491,888

FUND BALANCE AT END OF YEAR	<u>\$2,319,610</u>	<u>\$579,764</u>	<u>\$4,555,436</u>	<u>\$695,730</u>	<u>\$3,095,274</u>	<u>\$563,480</u>

(Continued)

ROAD DISTRICT CONSTRUCTION	PUBLIC IMPROVEMENT CONSTRUCTION	LIBRARY	CRIMINAL COURT	JUDICIAL EXPENSE	TOURIST AND RECREATION	HOTEL/ MOTEL TAX	FIRE PROTECTION DISTRICT NO. 1	FIRE INSURANCE FUND
\$133,507		\$579,525				\$61,224		
22,735	\$14,909	128,612			\$2,000		\$67,184	\$111,293
		48,821			4,573			
3,229	3,878	21,601	\$545,756 1,734		145	116	33,828	12,019
159,471	18,788	778,559	547,490	NONE	6,717	61,340	101,012	123,312
			616,326	\$7,007		855		
52,286							1,079,143	84,665
		710,923			66,583			
							216,435	
52,286	NONE	710,923	616,326	7,007	66,583	855	1,295,578	84,665
107,185	18,788	67,636	(68,836)	(7,007)	(59,866)	60,485	(1,194,566)	38,646
			96,356 (54,134)	8,039	60,555	(60,555)	862,619	
NONE	NONE	NONE	42,221	8,039	60,555	(60,555)	1,065,589	NONE
107,185	18,788	67,636	(26,615)	1,032	689	(70)	(128,977)	38,646
188,923	131,340	903,020	80,749	2,564	7,728	100	1,474,354	479,250
\$296,108	\$150,128	\$970,656	\$54,134	\$3,596	\$8,417	\$30	\$1,345,377	\$517,896

VERNON PARISH POLICE JURY
Leesville, Louisiana
GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2001

	SALES TAX	ECONOMIC DEVELOPMENT	ANIMAL SHELTER	FEDERAL FUNDS	TOTALS
REVENUES					

Taxes:					
Ad valorem					\$2,103,914
Sales and use	\$5,513,019				5,574,243
Intergovernmental revenues:					
Federal grants				\$1,586,207	1,878,168
State funds					1,025,707
Fees, charges, and commissions for services			\$4,416		93,730
Fines and forfeitures					545,756
Use of money and property	1,255	\$25,371	1,127		521,253
Gifts and grants					
	-----	-----	-----	-----	-----
Total revenues	5,514,273	25,371	5,543	1,586,207	11,742,770
EXPENDITURES					

Current:					
General government:					
Judicial					623,333
Finance and administrative	152,065				152,920
Other					620,132
Public safety					1,163,807
Public works					6,759,785
Health and welfare			166,165		329,494
Culture and recreation					777,506
Economic development and assistance		9,048		1,586,207	1,595,256
Debt service					388,038
	-----	-----	-----	-----	-----
Total expenditures	152,065	9,048	166,165	1,586,207	12,410,270
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
	5,362,208	16,322	(160,622)		(667,500)
OTHER FINANCING SOURCES (USES)					

Increase in general long-term debt					402,588
Operating transfers in			110,000		7,829,423
Operating transfers out	(5,175,714)				(7,785,163)
	-----	-----	-----	-----	-----
Total other financing sources (uses)	(5,175,714)	NONE	110,000		446,849
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	186,494	16,322	(50,622)	NONE	(220,651)
FUND BALANCES AT BEGINNING OF YEAR					
	(85,254)	877,252	56,843	NONE	16,377,324
FUND BALANCE AT END OF YEAR					
	<u>\$101,241</u>	<u>\$893,575</u>	<u>\$6,221</u>	<u>NONE</u>	<u>\$16,156,673</u>

(Concluded)

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS -
 ROAD DISTRICT MAINTENANCE FUNDS

Combining Balance Sheet, December 31, 2001

	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5	NO. 6	NO. 7	NO. 8	TOTAL
ASSETS									
Cash and cash equivalents	\$11,321	\$58,944	\$11,017	\$21,421	\$2,926	\$7,241	\$30,535	\$13,392	\$156,796
Receivables	61,028	93,173	36,408	51,624	67,926	44,528	46,416	24,860	425,965
TOTAL ASSETS	\$72,349	\$152,117	\$47,426	\$73,045	\$70,852	\$51,769	\$76,951	\$38,252	\$582,761
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$2,389	\$2,566	\$1,738	\$3,026	\$5,634	\$1,743	\$1,478	\$707	\$19,281
Total liabilities	2,389	2,566	1,738	3,026	5,634	1,743	1,478	707	19,281
Fund Equity - fund balance - unreserved - undesignated	69,961	149,551	45,687	70,019	65,218	50,026	75,473	37,545	563,480
TOTAL LIABILITIES AND FUND EQUITY	\$72,349	\$152,117	\$47,426	\$73,045	\$70,852	\$51,769	\$76,951	\$38,252	\$582,761

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS -
 ROAD DISTRICT MAINTENANCE FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2001

	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5	NO. 6	NO. 7	NO. 8	TOTALS
REVENUES									
Taxes - ad valorem	\$54,216	\$75,397	\$39,670	\$51,093	\$72,105	\$43,049	\$46,411	\$21,922	\$403,864
State funds	13,392	32,920	3,799	4,837	3,436	7,879	8,934	5,803	81,001
Use of money and property	41	1,197	352	746	114	20	695	310	3,474
Total revenues	67,648	109,514	43,821	56,677	75,655	50,948	56,041	28,035	488,339
EXPENDITURES									
Current - public works	63,381	92,047	35,069	53,965	70,346	47,754	34,600	19,586	416,748
EXCESS OF REVENUES									
OVER EXPENDITURES	4,267	17,468	8,752	2,712	5,309	3,194	21,441	8,449	71,592
FUND BALANCE AT BEGINNING									
OF YEAR	65,694	132,084	36,935	67,307	59,909	46,832	54,032	29,096	491,888
FUND BALANCE AT END OF YEAR									
	\$69,961	\$149,551	\$45,687	\$70,019	\$65,218	\$50,026	\$75,473	\$37,545	\$563,480

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS -
 ROAD DISTRICT CONSTRUCTION FUNDS

Combining Balance Sheet, December 31, 2001

	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5	NO. 6	NO. 7	NO. 8	TOTAL
ASSETS									
Cash and cash equivalents	\$20,134	\$9,889	\$13,368	\$58,125	\$19,882	\$6,291	\$25,433	\$9,766	\$162,889
Receivables	24,203	14,334	14,591	20,687	27,170	5,945	18,548	12,430	137,908
Interfund receivables									
TOTAL ASSETS	\$44,337	\$24,224	\$27,959	\$78,812	\$47,053	\$12,236	\$43,981	\$22,196	\$300,797
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$728	\$395	\$454	\$655	\$861	\$653	\$591	\$353	\$4,689
Interfund payables									0
Total liabilities	728	395	454	655	861	653	591	353	4,689
Fund Equity - fund balance - unreserved - undesignated	43,608	23,829	27,505	78,158	46,192	11,583	43,390	21,843	296,108
TOTAL LIABILITIES AND FUND EQUITY	\$44,337	\$24,224	\$27,959	\$78,812	\$47,053	\$12,236	\$43,981	\$22,196	\$300,797

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS -
 ROAD DISTRICT CONSTRUCTION FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2001

	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5	NO. 6	NO. 7	NO. 8	TOTALS
REVENUES									
Taxes - ad valorem	\$21,502	\$11,600	\$15,898	\$20,484	\$28,841	\$5,675	\$18,546	\$10,961	\$133,507
State funds	5,311	5,065	1,523	1,938	1,374	1,052	3,570	2,902	22,735
Use of money and property	384	177	268	1,215	399	144	445	198	3,229
Total revenues	27,196	16,841	17,688	23,638	30,615	6,871	22,562	14,060	159,471
EXPENDITURES									
Current - public works	9,861	9,398	6,735	5,145	10,268	4,850	1,550	4,480	52,286
EXCESS OF REVENUES OVER EXPENDITURES									
	17,336	7,443	10,954	18,493	20,347	2,021	21,012	9,581	107,185
FUND BALANCE AT BEGINNING OF YEAR									
	26,273	16,385	16,551	59,665	25,845	9,562	22,379	12,262	188,923
FUND BALANCE AT END OF YEAR									
	\$43,608	\$23,829	\$27,505	\$78,158	\$46,192	\$11,583	\$43,390	\$21,843	\$296,108

VERNON PARISH POLICE JURY
Leesville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2001

DEBT SERVICE FUNDS

LIBRARY -- used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related charges on the Series 1993, General Obligation Bonds in the amount of \$2,500,000. Proceeds were used to construct the Vernon Parish Library.

ROAD IMPROVEMENT -- used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related charges on the Series 1996, Certificates of Indebtedness in the amount of \$3,500,000. Proceeds were used to overlay parish roads.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - DEBT SERVICE FUNDS
 Combining Balance Sheet, December 31, 2001

	LIBRARY	ROAD IMPROVEMENT	TOTALS
	-----	-----	-----
ASSETS			

Cash and cash equivalents	\$820,823	\$498,323	\$1,319,146
Receivables	457,611		457,611
Interfund receivables			
	-----	-----	-----
TOTAL ASSETS	<u>\$1,278,433</u>	<u>\$498,323</u>	<u>\$1,776,756</u>
LIABILITIES AND FUND EQUITY			

Liabilities - accounts payable	\$15,819	NONE	15,819
	-----	-----	-----
Fund Equity - fund balance - reserved for debt service	1,262,614	\$498,323	\$1,760,937
	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,278,433</u>	<u>\$498,323</u>	<u>\$1,776,756</u>

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - DEBT SERVICE FUNDS

Combing Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2001

	LIBRARY	ROAD IMPROVEMENT	TOTALS
REVENUES			
Taxes - ad valorem	\$481,077		\$481,077
Use of money - interest earnings	22,165	\$14,501	36,665
Total revenues	503,242	14,501	517,743
EXPENDITURES			
Current - general government - finance and administration	15,819		15,819
Debt service	376,578	506,773	883,351
Total expenditures	392,398	506,773	899,170
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	110,844	(492,272)	(381,428)
OTHER FINANCING SOURCES			
Operating transfers in	NONE	456,000	456,000
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	110,844	(36,272)	74,572
FUND BALANCE AT BEGINNING OF YEAR	1,151,770	534,595	1,686,365
FUND BALANCE AT END OF YEAR	\$1,262,614	\$498,323	\$1,760,937

VERNON PARISH POLICE JURY
Leesville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 2001

CAPITAL PROJECTS FUNDS

SILMAN BUILDING FUND -- accounts for the renovation of buildings to provide for additional facilities for public agencies in Vernon Parish. Financing was provided by the issuance of Series 1999 General Obligation Bonds dated April 1, 1999, in the amount of \$1,800,000.

FORESTRY FESTIVAL PAVILION FUND -- accounts for the renovation of facilities relating to the promotion of the forestry industry in Vernon Parish. Financing is provided, principally, by a State grant.

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - CAPITAL PROJECTS FUNDS

Combining Balance Sheet, December 31, 2001

	SILMAN BUILDING	FORESTRY FESTIVAL PAVILION	TOTALS
	-----	-----	-----
ASSETS			

Cash and cash equivalents	NONE	NONE	NONE
	-----	-----	-----
LIABILITIES AND FUND EQUITY			

Liabilities - accounts payable	NONE	NONE	NONE
	-----	-----	-----
Fund Equity - fund balance - reserved for future construction	NONE	NONE	NONE
	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	NONE	NONE	NONE
	-----	-----	-----

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 GOVERNMENTAL FUND TYPE - CAPITAL PROJECTS FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2001

	SILMAN BUILDING	FORESTRY FESTIVAL PAVILION	TOTALS
REVENUES			
State funds			
Use of money - interest earnings	\$5,155		\$5,155
Total revenues	5,155	NONE	5,155
EXPENDITURES			
Capital outlay	452,915	NONE	452,915
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(447,760)	NONE	(447,760)
OTHER FINANCING SOURCES			
Proceeds from sale of bonds	NONE	NONE	NONE
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(447,760)	NONE	(447,760)
FUND BALANCE AT BEGINNING OF YEAR	447,760	NONE	447,760
FUND BALANCE AT END OF YEAR	NONE	NONE	NONE

VERNON PARISH POLICE JURY
Leesville, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2001

COMPENSATION PAID POLICE JURORS

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the police jury has elected the monthly payment method of compensation, not to exceed the maximum provided by Louisiana law.

Clay, Curtis L.	\$14,400
Fulton, Jr., Sam B.	14,400
Grimes, Jackie L.	14,400
Hamilton, John	14,400
Haymon, Melvin R.	14,400
Haymon, O. C.	14,400
James, Jimmy L.	14,400
McMahon, Tommy	14,400
Pynes, Ray	14,400
Tuck, James B.	10,089
Weeks, Reid W.	14,400
William, Billy	14,400

Totals	\$168,489

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The reports are based solely on the audit of the primary government financial statements.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

55 Terra Avenue
Alexandria, LA 71303
318/442-7568
Fax: 318/442-9495

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

VERNON PARISH POLICE JURY
Leesville, Louisiana

I have audited the primary government financial statements of the Vernon Parish Police Jury as of and for the year ended December 31, 2001, and have issued my report thereon dated June 24, 2002. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

VERNON PARISH POLICE JURY
Leesville, Louisiana
Compliance and Internal Control Report
(Continued)

Prior Audit Findings

The audit for the year ended December 31, 2000, disclosed no instances of noncompliance that were required to be reported under *Government Auditing Standards* or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

General

This report is intended for the information of the Vernon Parish Police Jury, its audit committee, management, federal awarding agencies and pass-through entities and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
June 24, 2002

OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

The following pages contain reports on the schedule of federal financial assistance, consideration of internal control, and compliance with laws and regulations required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Single Audit Act, and the Louisiana *Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

VERNON PARISH POLICE JURY
Leesville, Louisiana

I have audited the compliance of Vernon Parish Police Jury with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs for the year ended December 31, 2001. Vernon Parish Police Jury's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the police jury's management. My responsibility is to express an opinion on the police jury's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that I 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 police jury's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. I believe that my audit provides reasonable a reasonable basis for my opinion. My audit does not provide a legal determination on the police jury's compliance with those requirements.

In my opinion, the police jury complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

VERNON PARISH POLICE JURY
Leesville, Louisiana
A-133 Compliance Report
(Continued)

Internal Control over Compliance

The management of the police jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the police jury's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Vernon Parish Police Jury, its audit committee, management, federal awarding agencies and pass-through entities and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
June 24, 2002

VERNON PARISH POLICE JURY
 Leesville, Louisiana
 Schedule of Expenditure of Federal Awards
 For the Year Ended December 31, 2001

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME PROGRAM NAME	CFDA NUMBER	GRANT NUMBER	EXPENDITURES

UNITED STATES DEPARTMENT OF AGRICULTURE			

Passed through Louisiana Department of Treasury - Schools and Roads - Grants to States	10.665	NFR47	\$291,960

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			

Passed through Louisiana Department of Social Services - Emergency Shelter Grant	14.231	ESGP	22,052

UNITED STATES DEPARTMENT OF JUSTICE			

Direct program - Drug Court Discretionary Grant Program	16.585		18,750

UNITED STATES DEPARTMENT OF LABOR			

Passed through Louisiana Department of Labor and the Louisiana Department of Education: Welfare-To-Work Grants to States and Localities	17.253	50-WTW	357,867
Workforce Investment Act: Adult Program	17.258	50-WIA	577,399
Youth Activities	17.259	50-WIA	336,349
Dislocated Workers	17.260	50-WIA	314,592

Total United States Department of Labor			1,586,207

UNITED STATES DEPARTMENT OF TRANSPORTATION			

Passed through Louisiana Department of Transportation and Development - Public Transportation for Nonurbanized Areas	20.509		80,229

UNITED STATES DEPARTMENT OF THE INTERIOR			

Passed through Louisiana Department of the Treasury - Payments-in-lieu of taxes	15.000		13,078

Total Expenditures			<u>\$2,012,277</u>

Note - the schedule is prepared on the modified accrual basis of accounting which is consistent with preparation of the financial statements.

CFDA No. 14.231 was passed through to the Vernon Council on Aging.
 CFDA No. 16.585 was passed through to the Thirtieth Judicial District.
 CFDA No. 20.509 was passed through to the Vernon Community Action Agency.

HERBIE W. WAY
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

VERNON PARISH POLICE JURY
Leesville, Louisiana

1. FINANCIAL STATEMENT ITEMS

- A. The audit contained an unqualified opinion on the financial statements.
- B. The audit contained no reportable conditions.
- C. The audit contained no material weaknesses.

2. SINGLE AUDIT ITEMS

- A. The audit contained no reportable conditions in internal controls over major programs.
- B. The audit contained no reportable conditions that were considered to be material weaknesses in internal control over major programs.
- C. The audit contained an unqualified opinion on the Schedule of Expenditures of Federal Awards of the Vernon Parish Police Jury at December 31, 2001, and that the Schedule is fairly presented in all material respects in relation to the financial statements taken as a whole.
- D. The audit report contained no findings required to be reported under Section 510(a) of OMB Circular A-133.
- E. The police jury was not assessed as a low risk auditee under Section 530.
- F. The following Federal awards (Type A programs) were considered as major programs of the entity:
 - CFDA No. 17.258 - Workforce Investment Act - Adult Program;
 - CFDA No. 17.259 - Workforce Investment Act - Youth Activities;
 - CFDA No. 17.260 - Workforce Investment Act - Dislocated Workers.
- G. The dollar threshold between Type A programs and Type B programs is \$300,000.

VERNON PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

- H. The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting.
3. The Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* contained no reportable conditions relating to compliance with laws, regulations, contracts, and grants applicable to each of its major federal programs.
4. The Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 contained no reportable conditions required to be reported under Section 510(a).

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
June 24, 2002

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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VERNON PARISH POLICE JURY
Leesville, Louisiana

In planning and performing my audit of the financial statements of the Vernon Parish Police Jury at December 31, 2001, and for the year then ended, I considered the jury's internal control structure relating to accounting/financial reporting and compliance with laws and regulations to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of the following matter that needs to be communicated to management. The memorandum that accompanies this letter summarizes my comments and suggestions regarding that matter. I previously reported on compliance with laws and regulations and on the internal control structure in my report dated June 23, 2001. This letter does not affect my report dated June 23, 2001, on the financial statements of the Vernon Parish Police Jury.

I will review the status of this comment during my next engagement. At your request and convenience, I will be pleased to discuss these matters in further detail, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Herbie W. Way

Herbie W. Way
June 24, 2002

MANAGEMENT LETTER POINT

1. GENERAL FIXED ASSETS (GFA) -- the police jury needs to update procedures used to account for the general fixed assets. To accomplish this, I recommend the following:
 - A. Conduct a complete physical inventory of all GFA and reconcile this count to the GFA control account, as soon as possible and at least once every two years, thereafter.
 - B. Revise the format of the detailed GFA (subsidiary) records to provide the information necessary to properly account for additions and/or deductions to the GFA on an annual basis, including description, date of purchase, the fund from which it was acquired, and the acquisition cost of the asset.
 - C. Delete all GFA that do not meet or exceed the jury's capitalization threshold and, in the future, record as GFA only those items that meet or exceed this threshold.
 - D. Provide estimated historical cost information on those GFA that have not been assigned a dollar value.

The secretary/treasurer for the Vernon Parish Police Jury has provided assurances that the recommendations will be implemented.