1075

VERNON PARISH ASSESSOR

FINANCIAL REPORT

DECEMBER 31, 2009

CONTENTS

ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(337)239-2535

(337) 238-5135

Fax 239-2295

W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

Vernon Parish Assessor

Leesville, Louisiana

I have audited the accompanying basic financial statements of the Vernon Parish Assessor, as of and for the year ended December 31, 2009, which collectively comprise the Assessor's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Vernon Parish Assessor's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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 basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Vernon Parish Assessor as of December 31, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 19, 2010 on my consideration of the Vernon Parish Assessor's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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* and should be considered in conjunction with this report in considering the results of my audit.

The schedule of funding progress on page 32 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vernon Parish Assessor has not presented the required budgetary comparison supplementary information and management's discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

Elliott & Assc. "APAC"

Leesville, Louisiana

July 19, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit A

VERNON PARISH ASSESSOR

STATEMENT OF NET ASSETS
December 31, 2009

ASSETS	
Cash (Note 2)	$90,470
Certificates of deposit (Note 2)	110,917
Capital assets:	
Depreciable, net (Note 4)	57,936
Total assets	$259,323
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities:	
Accounts payable	24,586
Total current liabilities	24,586
Long-term liabilities:	
Due in more than one year -	
Other post-employment benefit obligation (Note 6)	126,931
Total liabilities	151,517
NET ASSETS	
Invested in capital assets	57,936
Unrestricted	49,870
Total net assets	107,806
Total liabilities and net assets	$259,323

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

Exhibit B

VERNON PARISH ASSESSOR

STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Expense and Change in Net Assets: Governmental Activities
Governmental activities:				
General government	$860,034	2,388	---	(857,646)

General revenues:	
Ad valorem taxes	$719,762
State revenue sharing	58,065
Other income	4,730
Investment earnings	3,744
Total general revenues	$786,301
Change in net assets	(71,345)
Net assets, beginning	179,151
Net assets, ending	$107,806

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

FUND FINANCIAL STATEMENTS

Exhibit C

VERNON PARISH ASSESSOR

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2009

	General Fund
ASSETS	
Cash	$90,470
Certificates of deposit	110,917
Total assets	201,387
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	24,586
Total liabilities	24,586
FUND BALANCE	
Unreserved:	
Undesignated	176,801
Total liabilities and fund balance	201,387

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

Exhibit D

VERNON PARISH ASSESSOR

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2009

Total fund balance - governmental fund		$176,801
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund. Those assets consisted of -		
Furniture, fixtures, and equipment	279,050	
Accumulated depreciation	(221,114)	57,936
Long-term liabilities, including other post-employment benefit payable, are not due and payable in the current period and therefore are not reported in the fund.		(126,931)
Total net assets of governmental activities		107,806

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

Exhibit E

VERNON PARISH ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND
Year Ended December 31, 2009

	General Fund
Revenues:	
Ad valorem taxes	$719,762
Intergovernmental -	
State revenue sharing	58,065
Charges for services	2,388
Investment earnings	3,744
Other income	4,730
Total revenues	788,689
Expenditures:	
Current -	
General government	696,062
Capital outlay	25,514
Total expenditures	721,576
Net change in fund balance	67,113
Fund balance, beginning	109,688
Fund balance, ending	176,801

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

Exhibit F

VERNON PARISH ASSESSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

Net change in fund balance - governmental fund		$67,113
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	(37,041)	
Capital outlay	25,514	(11,527)
Issuing debt increases long-term liabilities in the statement of net assets.		
Net OPEB obligation.		(126,931)
Change in net assets of governmental activities		(71,345)

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

Note 1. Summary of Significant Accounting Policies

The financial statements of the Vernon Parish Assessor (the "Assessor") have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Assessor's accounting policies are described below.

Reporting entity:

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Assessor is elected by the voters of the parish and serves a term of four years beginning January 1 following the year in which elected. A vacancy occurring in the office in which the unexpired term is one year or more is filled by a special election to be held within 60 days of the occurrence of the vacancy; a vacancy in which the unexpired term is less than one year is filled by an appointment of the governor.

The Assessor assesses property, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The Assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provides assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office; however, the Assessor is officially responsible for the actions of the deputies.

The Assessor's office is located in the Vernon Parish Courthouse in Leesville, Louisiana. In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

Basis of presentation:

The Assessor's basic financial statements consist of the government-wide and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities of the Assessor. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Assessor's net assets are reported in two parts - invested in capital assets net of related debt and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the Assessor's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Assessor had no capital grants for the year ended December 31, 2009.

The net cost (by function) is normally covered by general revenues (property taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the Assessor as an entity and the change in the Assessor's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Assessor's funds. The emphasis of fund financial statements is on major governmental funds. The Assessor has only one fund, its General Fund. The General Fund is the Assessor's general operating fund. It is used to account for all the financial resources of the Assessor.

Basis of accounting:

Government-wide financial statements -

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Assessor gives (or receives) value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "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. Revenue from grants, entitlement, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and investments:

Under state law, the Assessor 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.

Cash includes amounts in demand deposit accounts while investments include certificates of deposits. These certificates are not subject GASB No.31 requirements; thus, they are stated at cost.

Custodial credit risk:

Deposits (demand and certificates) -

The Assessor is exposed to custodial credit risk as it relates to its deposits with financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Assessor's deposits may not returned to it. The Assessor's policy is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Assessor's name. Accordingly, the Assessor had no custodial credit risk related to its deposits at December 31, 2009.

Fixed assets:

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide financial statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The Assessor maintains a threshold level of $500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Years
Automobiles	5
Equipment	5 - 10

Fund financial statements -

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

Compensated absences:

The Assessor has the following policy relating to vacation and sick leave:

Vacations are mandatory and vary in length based on years of service. Leave can be taken between January 1 and November 1 of each year. In addition to vacation, annual leave consists of 12 working days absence due to illness or business matters. Any unused portion of annual leave does not accumulate and carry forward. If any employee exceeds the 12 days, their salary is reduced accordingly. Should maternity, surgery, or prolonged illness require extended absence, paid leave not to exceed six weeks(including the 12 day annual leave) will be allowed.

GASB Statement No.16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employee if both of the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.

2. It is probably that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Due to uncertainty and immateriality of actual amounts which will be paid for compensated absences, no accruals have been made at December 31, 2009.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in two components:

a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by the balance of debt used to acquire capital assets.

b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets, net of related debt."

The Assessor has no restricted net assets.

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Taxes receivable:

Taxes receivable consists of amounts due from taxpayers. Taxes receivable are reported net of an allowance for uncollectible accounts based on prior experience

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS

Under state law, the assessor 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. At December 31, 2009, the assessor has cash and cash equivalents (book balances) totaling $ 201,387:

Demand deposits	$	7,465
Time deposits		193,922
Total	$	201,387

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 Assessor'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. 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 bank. 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. Deposit balances (bank balances) at December 31, 2009 in the amount of $204,682 were fully secured by federal deposit insurance and, therefore, not exposed to custodial credit risk.

Bank balances	$	204,682
Federal deposit insurance		204,682
Pledged securities (uncollateralized)		---
Total	$	204,682

Note 3. AD VALOREM TAXES

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes are based on assessed values determined by the Assessor on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31.

Taxes are budgeted and the revenue recognized in the year following the assessment when the majority of the taxes are actually collected and the Assessor considers them "available."

For the year ended December 31, 2009, taxes were levied on property with assessed valuation totaling $120,033,340 and the millage was 5.75 mills.

Total taxes levied, exclusive of homestead exemptions, was $690,191.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated				
Automobiles	$83,285	23,998	---	107,283
Equipment	176,262	1,516	(6,011)	171,767
Total capital assets being depreciated	259,547	25,514	(6,011)	279,050
Less accumulated depreciation for				
Automobiles	(56,581)	(16,607)	---	(73,188)
Equipment	(127,492)	(20,434)	---	(147,926)
Total accumulated depreciation	(184,073)	(37,041)	---	(221,114)
Total capital assets being depreciated, net	75,474	(11,527)	(6,011)	57,936

Depreciation expense was charged to functions as follows:

General government	37,041

NOTE 5. PENSION PLAN

Plan Description:

Substantially, all employees of the Assessor's office are members of the Louisiana Assessor's Retirement Fund ("System"), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System of Louisiana, Post Office Box 1786, Shreveport, Louisiana 71166-1786, or by calling (318) 425-4446.

Funding Policy:

Plan members are required by state statute to contribute 8% of their annual covered salary and the Assessor is required to contribute at an actuarially determined rate. Contributions to the System include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Assessor are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The rate for 2009 was 13.50% of annual covered payroll. The Assessor's contributions to the System for the years ending December 31, 2009, 2008, and 2007 were $89,505, 89,156, and 74,008, respectively, equal to the required contributions for each year.

EXPENSES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

Certain operating expenses of the Assessor's office are paid by the Vernon Parish Police Jury (the "Jury"). They are:

1. Office space, equivalent to rent, is furnished by the Jury.
2. Utility bills are paid by the Jury.
3. The Assessor's office has the use of miscellaneous office furniture owned by the Jury.

NOTE 6. DEFERRED COMPENSATION PLAN

Certain employees of the Vernon Parish Assessor participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

The Assessor makes matching contributions equal to the amount deferred by each employee, but not in excess of 5% of an employee's salary to the plan. For the year ended December 31, 2009, the Assessor contributed $12,879 on behalf of its employees to the plan.

NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Assessor sponsors a Retiree Healthcare Plan (multi-employer defined benefit Other Post Employment Benefit [OPEB] plan) through which it extends medical, dental, and life benefits to qualifying employees upon actual retirement.

A covered employee becomes eligible for participation on his date of hire.

A covered employee may retire at or after age 55 with at least 12 years of credited service or at any age with at least 30 years of credited service.

Coverage is also provided to spouses of retirees who are receiving benefits at the time of retirement. If the retiree predeceases the spouse, coverage for the surviving spouse continues.

Contribution rates:

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

Fund policy:

Until fiscal year 2009, the Assessor recognized the cost of providing post employment benefits (Assessor's portion or retiree benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis. In fiscal year 2009, the Assessor's portion of health care funding cost for retired employees totaled $53,634.

Effective with the fiscal year beginning January 1, 2009, the Assessor implemented Governmental Accounting Standards Board Statement No.45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for the post employment benefits liability at the date of transition.

Annual required contribution:

Annual Required Contribution. The Assessor's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2009 is $159,483.

Annual OPEB Cost and Net OPEB Obligation. The Assessor's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Assessor has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Assessor's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Assessor's net OPEB obligation to the Plan:

Normal Cost at fiscal year end	$ 80,848
Amortization of unfunded Actuarial	
Accrued Liability (UAAL)	78,635
Annual required contribution (ARC)	$159,483
Net post employment benefit obligation:	

Net Post-employment Benefit Obligation (Asset). The table below shows the Assessor's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2009:

Beginning net OPEB obligation at January 1, 2009	$ ---
Annual required contribution (ARC)	156,373
Interest on prior year net OPEB obligation	3,110
ARC adjustment	---
Annual OPEB cost	$159,483
Contribution	(32,552)
Current year retiree premiums	---
Increase in net OPEB obligation	126,931
Ending net OPEB obligation at December 31, 2009	$126,931

The Assessor's annual OPEB cost is $159,483 for the year ended December 31, 2009. The percentage of annual cost contributed and net unfunded OPEB obligation is 20.41% and $126,931, respectively, for the year ended December 31, 2009.

Actuarial methods and assumptions:

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

subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

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

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets.

Withdrawal rate:

The following annual rates of withdrawal were used:

Years Of Service	Rate
1 or less	12.0%
2 - 6	5.0%
7 - 8	4.0%
9 - 12	3.0%
13 - 14	2.0%
15 or more	1.0%

Investment return assumption (discount rate):

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation, which represents a reasonable estimate of short-term pooled funds.

Health care and dental cost trend rates:

The expected rates of increase in benefit costs were assumed as follows:

Medical

Year	Rate
2009-2010	6.50%
2011	6.60%
2012-2014	6.20%
2015-2019	6.10%
2020-2025	6.00%
2026-2031	5.90%
2032-2033	5.80%
2034	5.70%
2035-2036	5.60%
2037-2038	5.50%
2039-2041	5.40%
2042-2046	5.30%
2047-2053	5.20%
2054-2062	5.10%
2063-2075	5.00%
2076	4.90%
2077	4.80%
2078	4.70%
2079-2085	4.60%
2086+	4.50%

Dental

Year	Rate
2009	5.80%
2010	5.67%
2011	5.53%
2012	5.40%
2013	5.26%
2014	5.13%
2015	4.99%
2016	4.86%
2017	4.72%
2018	4.59%
2019	4.45%
2020	4.32%
2021	4.18%
2022	4.05%
2023+	4.00%

Retirement rate:

The expected rate of retirement was assumed as follows:

Age	Percentage
46 - 49	22%
50 - 54	44%
55 - 57	4%
58 - 62	18%
63+	28%

Mortality rate:

The Combined Annuity and Nonannuity mortality tables applicable for the year of the measurement date based on RP2000 Annuity and Nonannuity Mortality Tables for males and females which have been projected by using the Society of Actuaries Table AA, and methods pursuant to IRS Regulation 1.430(h)(3)-1 were used.

Coverage rate:

One hundred percent of employees who elect coverage while inactive employees and who are eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement. Twenty percent of members electing coverage are assumed to also elect coverage for a spouse.

Method of determining value of benefits:

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

NOTE 11. RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Assessor purchases commercial insurance to cover any claims related to these risks.

REQUIRED SUPPLEMENTARY INFORMATION

VERNON PARISH ASSESSOR

LEESVILLE, LA

Schedule of Funding Progress

For the Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2009	$---	$159,483	$126,931	20.41%	$497,184	25.53%

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*

ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(337)239-2535

(337) 238-5135

Fax 239-2295

W. Micheal Elliott, CPA

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*

VERNON PARISH ASSESSOR

I have audited the financial statements of the governmental activities and the major fund of the Vernon Parish Assessor, as of and for the year ended December 31, 2009, which collectively comprise the Vernon Parish Assessor's basic financial statements and have issued my report thereon dated July 19, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Vernon Parish Assessor's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Assessor's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 09-1(IC) and 09-2(IC), that I consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon Parish Assessor's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 09-3 (C) that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Elliott & Assc. "APAC"
Leesville, Louisiana

July 19, 2010

VERNON PARISH ASSESSOR

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year ended December 31, 2009

Ref.No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Date
CURRENT YEAR (12/31/09)–						
Internal Control:						
09-1(IC)	Unknown	Due to the small number of employees, the Assessor did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	James Johnson, Assessor	N/A
09-2(IC)	2009	The Assessor does not have a staff person who has the	No	The Assessor has evaluated the cost vs. benefit of (Continued)	James Johnson, Assessor	N/A

qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Assessor to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.(Continued)

VERNON PARISH ASSESSOR

Summary Schedule of Current and Prior Year Audit Findings

and Management's Corrective Action Plan (Continued)

Year ended December 31, 2009

Compliance:

2009.1 Finding: *This audit is not being issued within the six months of the close of its December 31, 2009 fiscal year-end. This is a violation of LSA R.S. #24:513 (A) (5).*

Management response:

The Assessor's Financial statement issuance was delayed due to the auditor's implementation of pre-issuance review process and quality control enhancement.

PRIOR YEAR (12/31/08)–

There were no findings during the fiscal year ending December 31, 2008.