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VERMILION PARISH POLICE JURY
FINANCIAL REPORT
DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-8-04

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BROUSSARD, POCHÉ, LEWIS & BREAU, L.L.P.

C E R T I F I E D P U B L I C A C C O U N T A N T S

P. O. Box 518
Abbeville, Louisiana
70511-0518
phone: (318) 898-1497
fax: (318) 898-1698

Other Offices:

Crowley, LA
(318) 783-0650

Lafayette, LA
(318) 988-4930

Opelousas, LA
(318) 942-5217

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684-2855

Eunice, LA
(318) 457-0071

Lawrence A. Cramer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappey III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breau, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

INDEPENDENT AUDITOR'S REPORT

**Vermilion Parish Police Jury
Abbeville, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Vermilion Parish Police Jury as of and for the year ended December 31, 2003, which collectively comprise the Jury's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jury's elected officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include financial data of various governmental agencies (component units), which should be included in order to conform to accounting principles generally accepted in the United States of America. The effects of the omission of these governmental agencies on assets, liabilities and net assets at December 31, 2003 and the change in net assets for the year then ended on the aggregate discretely presented component units cannot be determined. As a result, the financial statements do not present fairly the financial position of the reporting entity of the Vermilion Parish Police Jury, as of December 31, 2003, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit, because the omission of the financial statements of component units results in an incomplete presentation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units, as of December 31, 2003 and the changes in financial position thereof for the year ended. However, in our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Vermilion Parish Police Jury, as of December 31, 2003, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vermilion Parish Police Jury
Abbeville, Louisiana

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermilion Parish Police Jury's basic financial statements. The accompanying financial information listed as other supplementary information (including the schedule of expenditures of federal awards) and the budgetary comparison schedules listed as required supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis on pages 5-12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 7, 2004, on our consideration of the Vermilion Parish Police Jury's internal control over financial reporting and our 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 our audit.

Broussard, Pochi, Lewis; Bureau L.L.P.

Abbeville, Louisiana
July 7, 2004

REQUIRED SUPPLEMENTAL INFORMATION
(Part I)

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**VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2003**

Please allow this document to serve as our discussion and analysis of the Vermilion Parish Police's financial performance. This statement provides an overview of the Police Jury's financial activities for the year ended December 31, 2003. Since this is the implementation year for GASB Statement 34, comparative financial information is not presented in this document. In subsequent years, a comparative analysis of government-wide data will be presented.

This introductory statement should be read in conjunction with the Police Jury's audited financial statement which follows.

FINANCIAL HIGHLIGHTS

The financial statements provide insight into the overall activities of the Police Jury's operations for the fiscal year 2003. The following highlights represent particular points which are detailed in the statements:

- Total spending for all of the programs was \$22.2 million for the 2003 fiscal year. Revenues from property and sales taxes, generated fees, other revenue and grants were used to support the cost of these operations.
- Based on the governmental activities of 2003, the net assets decreased \$3,933,561 due largely to expenses in public works, a continued reduction in interest earnings, and expenditures in the Library Construction Fund.
- Budgeted revenues for 2004 remain at the same level as 2003; however budgeted expenditures reflect numerous cuts in all areas but particularly in the General Fund and Parishwide Road Maintenance Fund.

USING THIS ANNUAL REPORT

The Police Jury's annual audit report consists of a series of financial statements that reflect the operations as a whole and for each of the respective funds.

The Statement of Net Assets and the Statement of Activities provide detailed information about the Police Jury's operations and present an extended view of the Police Jury's financial posture.

From these statements, one can derive how the Jury financed the services provided in the short term, as well as what funds remain, or can be expected for future spending. Additionally, the government-wide financial statements may give the reader some insight into the Police Jury's overall financial health.

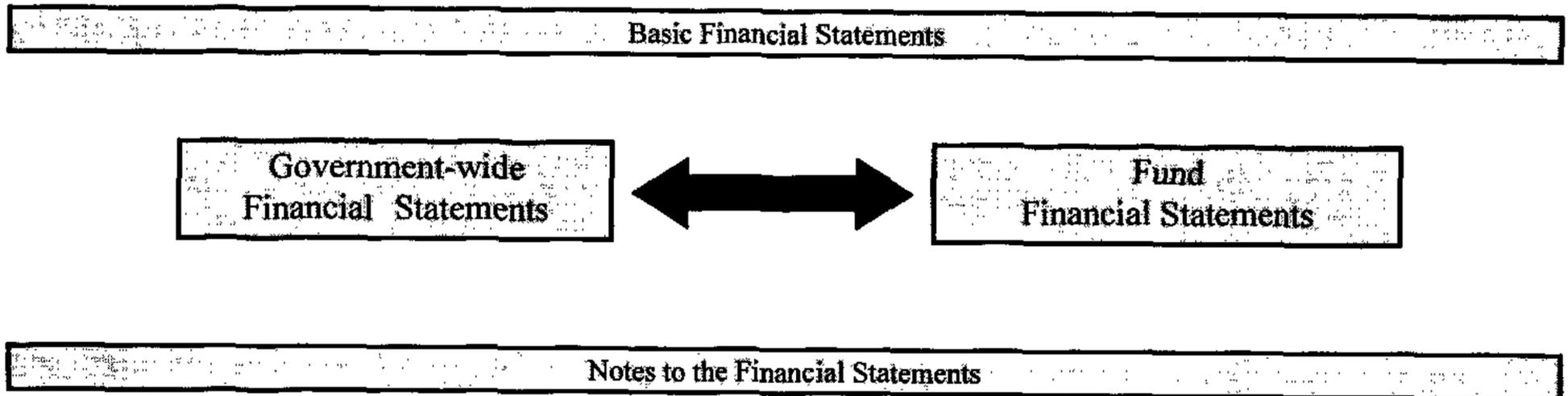
The fund financial statements also report the Police Jury's operations in more detail than the government wide financial statements, by providing information for the more significant Police Jury funds – i.e. General Fund, '76, '78 and '94 Sales Tax Funds, Royalty Road Fund, Parishwide Public Improvement Maintenance Fund, and Library Construction Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information (Part I)

Management's Discussion & Analysis (MD&A)

The following is an overview of our financial statement makeup:



Required Supplemental Information (Part II)

Budgetary Information for Major Funds

Other Supplemental Information

Nonmajor Funds Combining Statements

Schedule of Compensation Paid to Elected Officials

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Other Reports

Other Reports Required by Government Auditing Standards and By
Office of Management and Budget (OMB) Circular No. A-133

Other Information

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE POLICE JURY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the Police Jury as a whole begins on page 8. One of the most important questions asked about the Police Jury is, "Is the Police Jury as a whole, better off, or worse off, financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Police Jury's financial statements, report information on the Police Jury as a whole, and its activities, in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Police Jury's net assets – the difference between assets and liabilities, as reported in the Statement of Net Assets – as one way to measure the Police Jury's financial health, or financial position. Over time, increases or decreases in the Police Jury's net assets – as reported in the Statement of Activities – are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Police Jury's operating results. However, the Police Jury's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of health and welfare services provided to parish citizens, and the condition of roads, bridges and drainage systems to assess the overall health of the Police Jury.

The Statement of Net Assets and Statement of Activities report the following activity for the Police Jury:

Governmental activities – All of the Police Jury's services are reported here, including general government, public safety, public works, health and welfare, culture and recreation, and sanitation, sewerage and waste disposal services. Property taxes, sales taxes, generated fees, other revenue sources, and state and federal grants finance most of these activities.

REPORTING THE POLICE JURY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The Police Jury's fund financial statements, which begin on page 21, provide detailed information about the most significant funds – not the Police Jury as a whole. Some funds are required to be established by State law and by bond covenants. However, the Police Jury establishes many other funds to help it control and manage money for particular purposes (like the three (3) Sales Tax Funds or the Criminal Court fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the Federal Emergency Management Agency). The Police Jury's governmental funds use the following accounting approach:

Governmental funds – All of the Police Jury's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Police Jury's operations and the services it provides. Governmental fund information helps you determine whether there are more, or fewer, financial resources that can be spent in the near future to finance the Police Jury's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation report shown on Exhibits D and F.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE POLICE JURY AS A WHOLE

The Police Jury's net assets were \$102,388,174 at December 31, 2003. Of this amount, \$11,066,871 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and/or enabling legislation that limit the Police Jury's ability to use those net assets for day-to-day operations. Our analysis, which is shown below, of the primary government focuses on the statement of net assets (Table 1) and change in net assets (Table 2) of the Police Jury's governmental activities:

**Table 1
Condensed Statement of Net Assets
December 31, 2003**

	Governmental Activities
Current and other assets	\$ 31,630,498
Capital assets	82,730,242
Total assets	\$ 114,360,740
Current liabilities	\$ 1,468,373
Long-term liabilities	10,504,193
Total liabilities	\$ 11,972,566
Net assets	
Invested in capital assets, net of debt	\$ 74,411,749
Restricted	16,909,554
Unrestricted	11,066,871
Total net assets	\$ 102,388,174

The \$11,066,871 in unrestricted net assets of governmental activities represents the accumulated results of all previous years' operations. It means that if we had to pay off all of our bills today, including all of our noncapital liabilities, we would have \$11,066,871 left. The changes in net assets are discussed later in this MD&A.

The results of this year's operations for the primary government, as a whole, are reported in the Statement of Activities. Table 2, as shown below, takes the information from that Statement and rearranges them slightly so you can see our total revenues for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Changes in Net Assets
Year Ended December 31, 2003

Revenues:	
Program revenues:	
Charges for services	\$ 1,167,993
Federal grants	672,430
State grants & entitlements	737,113
General revenues:	
Ad valorem taxes	4,308,685
Sales taxes	8,593,298
State revenue sharing	467,688
Other general revenues	<u>2,387,506</u>
Total revenues	<u>\$ 18,334,713</u>
Functions/Program Expenses:	
General government:	
Legislative	\$ 436,027
Judicial	974,924
Elections	112,673
City/Ward court	500,663
Finance and administrative	856,091
Other general government	262,105
Public safety	2,136,718
Public works	8,665,774
Health and welfare	1,433,452
Culture and recreation	1,134,745
Sanitation, sewerage, and waste disposal	5,026,367
Intergovernmental	265,000
Interest and fiscal charges on long-term debt	<u>463,735</u>
Total expenditures	<u>\$ 22,268,274</u>
Increase (decrease) in net assets	<u>\$ (3,933,561)</u>

The decrease in net assets of \$3,933,561 is due mainly to the increase in the public works expenses. Program revenues did not increase to compensate for this change.

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$22.2 million. However, the amount that our taxpayers ultimately financed for these activities through Police Jury taxes was \$12.9 million because some of the cost was paid by those who benefited from the programs (\$1.2 million) or by other governments and entities who subsidized certain programs with grants and contributions (\$1.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$3.0 million in taxes and with our other revenues, like interest and general entitlements.

In the table below, we have presented the cost of each of the Police Jury's six largest functions -- finance and administrative, public safety, public works, health and welfare, culture and recreation, and sanitation sewerage, and waste disposal, as well as each program's net cost (total cost, less revenues generated, by the activities). As discussed above, net cost shows the financial burden that was placed on the Police Jury's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Year Ended December 31, 2003	
	Governmental Activities (in thousands)	
	<u>Total Cost of Services</u>	<u>Net Costs of Services</u>
Finance and administrative	\$ 856	\$ 855
Public safety	2,136	1,350
Public works	8,666	7,931
Health and welfare	1,433	1,294
Culture and Recreation	1,135	1,110
Sanitation, sewerage, and waste disposal	5,026	4,135
All others	3,016	3,015
Totals	<u>\$ 22,268</u>	<u>\$ 19,690</u>

THE POLICE JURY'S FUNDS

As we noted earlier, the Police Jury uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the Police Jury is being accountable for the financial resources taxpayers and others provide to it, but may also give you more insight into the Police Jury's overall financial health.

As the Police Jury completed this year, our governmental funds reported a combined fund balance of \$29,426,693 which is a decrease of \$3,788,176 from last year. The primary reason for this decrease is:

Our fund balance in the 1999 Library Construction Fund had a decrease of \$3,326,308. The decrease is due mainly to the significant increase in expenses related to the construction projects concerning the library branches. Construction on most of the library branches were completed in the current year.

General Fund Budgetary Highlights

Over the course of the year, the Police Jury revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the Police Jury's original and final budget amounts compared with amounts actually paid and received is provided later in this report).

There were significant revisions made to the 2003 1994 Sales Tax Fund original budget. Budgeted revenues were increased \$2,087,922 due to receipt of federal revenues. The federal revenues consist of money collected due to the Hurricane in the prior year. Budgeted expenditures increased \$845,123 due to the expenses incurred in relation to the Hurricane.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2003, the Police Jury had \$82.7 million invested (net of accumulated depreciation of \$75.6 million) in a broad range of capital assets, including land, buildings, furniture and equipment and infrastructure assets such as roads and bridges. This amount represents a net decrease (including additions, deductions, and depreciation) of just over \$1.2 million, or 1.5 percent, from 2002. The primary reason for the net decrease is a result of the \$4,490,529 in depreciation expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets at Year-End

	<u>Governmental Activities</u>
Land	\$ 1,457,263
Buildings and improvements	10,147,325
Furniture and equipment	3,271,460
Library books	1,675,041
Construction in process	10,692
Infrastructure:	
Road surfaces	64,273,619
Bridges	<u>1,894,842</u>
Total net assets	<u>\$ 82,730,242</u>

This year's additions of \$9,152,246 included land, buildings, furniture and equipment, and books.

No major capital projects are planned for the 2004 fiscal year. We anticipate capital additions, other than major capital projects, will be comparable to the 2003 fiscal year. We present more detailed information about our capital assets in Note 6 to the financial statements.

The Police Jury is responsible for the maintenance of 853.7 miles of two-lane gravel and asphalt roads. Other roads are located in Vermilion Parish but are maintained by the six municipalities and/or the State of Louisiana. The majority of the Police Jury maintained roads were asphalt surfaced in the 60's, 70's and 80's.

These roads include 153 bridges, 79 of which are entire concrete structures and 74 are either concrete decks with a wooden support structure or are entirely wooden structures. Bridges are 20 to 210 feet in length.

Cost of infrastructure assets was determined in various ways. GASB No. 34 requires capital assets to be recorded at historical cost or at estimated historical cost whenever it is impractical to determine historical cost because of inadequate records. The costs were determined, as identified below, whenever actual historical cost was not known.

The surface cost of the roads was determined by multiplying the estimated current cost to construct a linear mile of two lanes of gravel or asphalt road and deflating the current cost to the estimated cost at the time of construction of the roads. The estimated age of the roads was provided by the engineers for the Jury. The estimated useful life of the roads for purposes of depreciation is forty (40) years for asphalt and fifty (50) years for aggregate.

The cost of the right-of-way was determined by using a current average value of farm land of \$1,500 an acre deflated to the estimated year of acquisition or prescription.

The cost of the concrete and wood structure bridges was based on management's estimate of today's cost to construct deflated to the actual year of construction.

The deflation factors used were as per the "price trends for federal-aid highway construction" obtained from the United States Department of Transportation web site.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

At the end of 2003, the Police Jury had \$8,395,000 in bonds outstanding compared to \$9,600,000 last year which is a decrease of twelve percent. Those bonds consisted of:

Outstanding Debt, at Year-End

	<u>Governmental Activities</u>
1994 - Sales tax revenue bond	\$ 1,340,000
Series 2002 refunding certificates of indebtedness	1,875,000
Series 1999 library general obligation bond	<u>5,180,000</u>
Total	<u>\$ 8,395,000</u>

The state limits the amount of general obligation debt that parishes can issue to 10 percent of the assessed value of all taxable property within the parish. The Police Jury's net outstanding general obligation debt is significantly below this statutorily-imposed limit.

Other obligations include landfill closure and post-closure costs. We present more detailed information about our long-term liabilities in Note 7 to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our elected and appointed officials and citizens consider many factors when setting the Police Jury's 2003 year budget and tax rates. One of the most important factors affecting the budget is our ad valorem and sales tax collections. We have budgeted very little change in ad valorem and sales tax collections from 2003 to 2004. Approximately 70 % of total revenue is from ad valorem and sales taxes. We have projected no increase in net assets for the 2004 budget year. We project that capital additions will be minimal for the 2004 year.

CONTACTING THE POLICE JURY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Police Jury's finances and to show the Police Jury's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please feel free to contact Michael J. Bertrand, Secretary-Treasurer, at the Vermilion Parish Police Jury, Administrative Office, Courthouse Building, 2nd Floor, or by mail at 100 N. State Street – Suite 200, Abbeville, Louisiana 70510, or by telephone by dialing (337) 898-4300.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

STATEMENT OF NET ASSETS
December 31, 2003

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 2,569,160	\$ 11,585
Investments	23,180,203	36,573
Receivables:		
Taxes	1,876,660	-
Due from other governmental agencies	3,645,933	45,935
Due from component units	579	-
Accrued interest receivable	23,722	-
Other	257,734	2,938
Bond related costs:		
Bond issue costs	126,978	-
Accumulated amortization	(50,471)	-
Capital assets:		
Non-depreciable	1,467,955	-
Depreciable, net	81,262,287	-
Total assets	\$ 114,360,740	\$ 97,031
LIABILITIES AND NET ASSETS		
Liabilities:		
Bank overdrafts	\$ 1,526	\$ 1,076
Payables:		
Retainage payable	345,766	-
Accrued interest payable	141,249	-
Due to governmental agencies	43,842	-
Due to primary government	-	579
Other	579,740	2,722
Deferred revenue	356,250	-
Long-term liabilities -		
Portion due or payable within one year:		
Bonds payable	860,000	-
Portion due or payable after one year:		
Bonds payable	7,535,000	-
Landfill postclosure costs	2,109,193	-
Total liabilities	\$ 11,972,566	\$ 4,377
Net assets:		
Invested in capital assets, net of related debt	\$ 74,411,749	\$ -
Restricted for -		
Debt service	3,108,205	-
Contracts	390,661	-
Other purposes	13,410,688	-
Unrestricted - General Fund	11,066,871	92,654
Total net assets	\$ 102,388,174	\$ 92,654
Total liabilities and net assets	\$ 114,360,740	\$ 97,031

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Primary Government	Component
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Units
				Net (Expense) Revenue and Change in Net Assets	Net (Expense) Revenue and Change in Net Assets
<i>Primary Government: Governmental Activities:</i>					
General government:					
Legislative	\$ 436,027	\$ -	\$ -	\$ (436,027)	\$ -
Judicial	974,924	-	-	(974,924)	-
Elections	112,673	-	-	(112,673)	-
City/Ward court	500,663	-	-	(500,663)	-
Finance and administrative	856,091	1,059	-	(855,032)	-
Other general government	262,105	-	-	(262,105)	-
Public safety	2,136,718	756,569	30,347	(1,349,802)	-
Public works	8,665,774	-	734,553	(7,931,221)	-
Health and welfare	1,433,452	28,215	111,732	(1,293,505)	-
Culture and recreation	1,134,745	15,086	9,485	(1,110,174)	-
Sanitation, sewerage, and waste disposal	5,026,367	367,064	523,426	(4,135,877)	-
Intergovernmental	265,000	-	-	(265,000)	-
Interest and fiscal charges	463,735	-	-	(463,735)	-
Total Governmental Activities	\$ 22,268,274	\$ 1,167,993	\$ 1,409,543	\$ (19,690,738)	\$ -
<i>Component units:</i>					
Criminal Court	\$ 562,503	\$ 157,959	\$ 265,000		\$ (139,544)
Tourist Commission	26,042	-	-		(26,042)
Total Component Units	\$ 588,545	\$ 157,959	\$ 265,000		\$ (165,586)
General revenues:					
Taxes:					
Property taxes, levied for general purposes				\$ 3,733,894	\$ -
Property taxes, levied for debt services				574,791	-
Sales taxes, levied for general purposes				8,593,298	28,352
Severance tax				750,938	-
Franchise tax				17,941	-
Beer tax				8,687	-
Fire insurance rebates				134,122	-
Grants and contributions not restricted to specific programs				797,386	85,747
State revenue sharing				467,688	-
Occupational licenses				210,079	-
Interest and investment earnings				305,762	894
Gain from sale of property				48,230	-
Miscellaneous				114,361	7,990
Total general revenues				\$ 15,757,177	\$ 122,983
Change in net assets				\$ (3,933,561)	\$ (42,603)
Net assets - beginning				106,321,735	135,257
Net assets - ending				\$ 102,388,174	\$ 92,654

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS
Major Funds

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

1976 Sales Tax Fund – To account for funds derived from a 1976 one-half cent sales and use tax dedicated for the maintenance of solid waste disposal, fire protection, mosquito control and public works facilities.

1978 Sales Tax Fund – To account for funds derived from a 1978 special one-half cent sales and use tax dedicated for the maintenance of law enforcement facilities, health unit facilities, cooperative extension service facilities, other public buildings and public roads.

1994 Sales Tax Fund – To account for funds derived from a 1994 special one-half cent sales and use tax dedicated for the construction, acquisition, improvement, maintenance and operation of solid waste collection and disposal facilities.

Royalty Road Fund – To account for funds received from the State of Louisiana Royalty Road Fund. These funds are derived from one-tenth of the royalties from mineral leases on state owned lands where production occurred. Expenditures may be made for any lawful purpose.

Parishwide Public Improvement Maintenance Fund – To account for expenditures in connection with maintenance and upkeep of parish roads, bridges, and ferries. Major means of financing is provided by ad valorem taxes, state revenue sharing, the State of Louisiana Parish Transportation fund and transfers from other revenue sources of the Police Jury.

1999 Library Construction Fund – To account for costs associated with the purchase, construction and improvements made with respect to the parish library facilities. These costs are financed through a 1999 General Obligation Bond issue.

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BALANCE SHEET

GOVERNMENTAL FUNDS
 December 31, 2003

	General Fund	1976 Sales Tax Fund	1978 Sales Tax Fund	1994 Sales Tax Fund
ASSETS				
Cash	\$ 584,627	\$ 416,473	\$ 431,936	\$ 158,663
Investments, at cost	-	6,187,935	2,019,984	5,100,000
Accrued interest receivable	-	6,101	2,245	8,520
Ad valorem taxes receivables	202,548	-	-	-
Allowance for uncollectible taxes	(32,356)	-	-	-
Accounts receivables	30,768	-	-	7,600
Due from other funds	51,531	-	-	-
Due from other governmental agencies	481,511	210,995	210,995	210,995
Due from component units	111	-	-	-
	<u>\$ 1,318,740</u>	<u>\$ 6,821,504</u>	<u>\$ 2,665,160</u>	<u>\$ 5,485,778</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 67,167	\$ 8,866	\$ 7,294	\$ 112,356
Bank overdraft	-	-	-	-
Retainage payable	-	-	-	-
Deferred revenue	356,250	-	-	-
Other payables	168,164	-	-	-
Due to other funds	453,921	4,317	1,409	118,493
Due to other governmental agencies	43,842	-	-	-
Total liabilities	<u>\$ 1,089,344</u>	<u>\$ 13,183</u>	<u>\$ 8,703</u>	<u>\$ 230,849</u>
FUND BALANCES				
Unreserved - undesignated				
General fund	\$ 229,396	\$ -	\$ -	\$ -
Special revenue funds	-	6,808,321	2,656,457	5,254,929
Reserved for debt service	-	-	-	-
Reserved for library construction	-	-	-	-
Total fund balances	<u>\$ 229,396</u>	<u>\$ 6,808,321</u>	<u>\$ 2,656,457</u>	<u>\$ 5,254,929</u>
Total liabilities and fund balances	<u>\$ 1,318,740</u>	<u>\$ 6,821,504</u>	<u>\$ 2,665,160</u>	<u>\$ 5,485,778</u>

See accompanying notes to the basic financial statements.

Exhibit C

Royalty Road Fund	Parishwide Public Improvement Maintenance Fund	1999 Library Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 236,273	\$ 99,716	\$ 112,036	\$ 529,436	\$ 2,569,160
2,300,000	-	650,000	6,922,284	23,180,203
2,381	-	270	4,205	23,722
-	182,379	-	910,522	1,295,449
-	(31,321)	-	(155,287)	(218,964)
42,999	-	-	176,367	257,734
514,930	41,301	-	22,596	630,358
145,946	441,887	-	1,943,604	3,645,933
468	-	-	-	579
<u>\$ 3,242,997</u>	<u>\$ 733,962</u>	<u>\$ 762,306</u>	<u>\$ 10,353,727</u>	<u>\$ 31,384,174</u>
\$ 2,988	\$ 29,513	\$ 25,879	\$ 157,513	\$ 411,576
-	-	-	1,526	1,526
-	-	345,766	-	345,766
-	-	-	-	356,250
-	-	-	-	168,164
-	49,994	-	2,223	630,357
-	-	-	-	43,842
<u>\$ 2,988</u>	<u>\$ 79,507</u>	<u>\$ 371,645</u>	<u>\$ 161,262</u>	<u>\$ 1,957,481</u>
\$ -	\$ -	\$ -	\$ -	\$ 229,396
3,240,009	654,455	-	6,943,011	25,557,182
-	-	-	3,249,454	3,249,454
-	-	390,661	-	390,661
<u>\$ 3,240,009</u>	<u>\$ 654,455</u>	<u>\$ 390,661</u>	<u>\$ 10,192,465</u>	<u>\$ 29,426,693</u>
<u>\$ 3,242,997</u>	<u>\$ 733,962</u>	<u>\$ 762,306</u>	<u>\$ 10,353,727</u>	<u>\$ 31,384,174</u>

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VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS
December 31, 2003

Total fund balances - governmental funds	\$	29,426,693
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 funds.		
Capital assets, net		82,730,242
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the governmental funds.		
Accrued interest payable		(141,249)
Bonds payable		(8,395,000)
Landfill postclosure costs		(2,109,193)
Sales taxes which were not "measurable" at year end and therefore are not available soon enough to pay for current period expenditures		
		800,174
Bond issue costs which are reported as expenditures in the year incurred in the governmental funds are deferred and amortized in the statement of activities.		
Bond issue costs, net of accumulated amortization		76,507
Net assets of governmental activities	\$	<u>102,388,174</u>

See accompanying notes to the basic financial statements.

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2003

	<u>General Fund</u>	<u>1976 Sales Tax Fund</u>	<u>1978 Sales Tax Fund</u>	<u>1994 Sales Tax Fund</u>
Revenues:				
Taxes	\$ 796,803	\$ 2,867,153	\$ 2,867,153	\$ 2,867,153
Licenses and permits	326,381	-	-	-
Intergovernmental	1,284,531	-	-	523,426
Charges for services	161,909	-	-	367,064
Fines and forfeitures	-	-	-	-
Investment income	1,275	68,433	26,118	58,997
Miscellaneous	73,180	1,000	42	-
Total revenues	<u>\$ 2,644,079</u>	<u>\$ 2,936,586</u>	<u>\$ 2,893,313</u>	<u>\$ 3,816,640</u>
Expenditures:				
General government	\$ 2,324,679	\$ 38,261	\$ 38,261	\$ 38,261
Public safety	538,789	432,692	413,090	-
Public works	230,407	170,070	-	-
Health and welfare	176,670	622,511	-	-
Sanitation, sewerage, and waste disposal	-	-	-	4,280,904
Culture and recreation	51,593	-	53,659	-
Debt service -				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>\$ 3,322,138</u>	<u>\$ 1,263,534</u>	<u>\$ 505,010</u>	<u>\$ 4,319,165</u>
Net change in fund balances	<u>\$ (678,059)</u>	<u>\$ 1,673,052</u>	<u>\$ 2,388,303</u>	<u>\$ (502,525)</u>
Other financing sources (uses):				
Proceeds from sale of property	\$ 2,000	\$ 4,120	\$ -	\$ 10
Transfers from other funds	1,000,000	-	197,631	203,617
Transfers to other funds	(57,800)	(200,000)	(1,800,000)	(271,123)
Transfers to component units	(265,000)	-	-	-
Total other financing sources (uses)	<u>\$ 679,200</u>	<u>\$ (195,880)</u>	<u>\$ (1,602,369)</u>	<u>\$ (67,496)</u>
Net change in fund balances	<u>\$ 1,141</u>	<u>\$ 1,477,172</u>	<u>\$ 785,934</u>	<u>\$ (570,021)</u>
Fund balances, as previously stated	\$ 603,255	\$ 5,331,149	\$ 1,870,523	\$ 5,824,950
Prior period adjustment	<u>(375,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, as restated	<u>\$ 228,255</u>	<u>\$ 5,331,149</u>	<u>\$ 1,870,523</u>	<u>\$ 5,824,950</u>
Fund balances, ending	<u>\$ 229,396</u>	<u>\$ 6,808,321</u>	<u>\$ 2,656,457</u>	<u>\$ 5,254,929</u>

See accompanying notes to the basic financial statements.

Royalty Road Fund	Parishwide Public Improvement Maintenance Fund	1999 Library Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 616,784	\$ -	\$ 3,055,848	\$ 13,070,894
-	-	-	-	326,381
710,634	600,811	-	306,153	3,425,555
-	-	-	678,232	1,207,205
-	-	-	5,336	5,336
56,023	790	23,897	70,229	305,762
-	23,840	-	16,299	114,361
<u>\$ 766,657</u>	<u>\$ 1,242,225</u>	<u>\$ 23,897</u>	<u>\$ 4,132,097</u>	<u>\$ 18,455,494</u>
\$ 213,140	\$ 62,717	\$ -	\$ 241,952	\$ 2,957,271
-	-	-	660,935	2,045,506
69,369	3,711,078	3,350,205	1,026,470	8,557,599
-	-	-	581,396	1,380,577
-	-	-	-	4,280,904
-	-	-	1,022,409	1,127,661
-	-	-	1,205,000	1,205,000
-	-	-	472,382	472,382
<u>\$ 282,509</u>	<u>\$ 3,773,795</u>	<u>\$ 3,350,205</u>	<u>\$ 5,210,544</u>	<u>\$ 22,026,900</u>
<u>\$ 484,148</u>	<u>\$ (2,531,570)</u>	<u>\$ (3,326,308)</u>	<u>\$ (1,078,447)</u>	<u>\$ (3,571,406)</u>
\$ -	\$ 41,100	\$ -	\$ 1,000	\$ 48,230
-	2,334,536	-	639,923	4,375,707
(1,300,000)	-	-	(746,784)	(4,375,707)
-	-	-	-	(265,000)
<u>\$ (1,300,000)</u>	<u>\$ 2,375,636</u>	<u>\$ -</u>	<u>\$ (105,861)</u>	<u>\$ (216,770)</u>
<u>\$ (815,852)</u>	<u>\$ (155,934)</u>	<u>\$ (3,326,308)</u>	<u>\$ (1,184,308)</u>	<u>\$ (3,788,176)</u>
\$ 4,055,861	\$ 810,389	\$ 3,716,969	\$ -	\$ 22,213,096
-	-	-	-	(375,000)
<u>\$ 4,055,861</u>	<u>\$ 810,389</u>	<u>\$ 3,716,969</u>	<u>\$ -</u>	<u>\$ 21,838,096</u>
<u>\$ 3,240,009</u>	<u>\$ 654,455</u>	<u>\$ 390,661</u>	<u>\$ (1,184,308)</u>	<u>\$ 18,049,920</u>

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Net change in fund balances - total governmental funds	\$ (3,788,176)
<p>The change in net assets reported for governmental activities in the statement of activities is different because:</p>	
<p>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.</p>	
Capital outlay	3,540,051
Depreciation expense	(4,490,529)
<p>The repayment of principal are reported as financing uses in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, the repayment of principal reduces the liability in the statement of activities.</p>	
Principal payments	1,205,000
<p>Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Bond issue costs amortized	(9,501)
<p>Because some revenues will not be collected for several months after year end, they are not considered "available" revenues in the governmental funds.</p>	
Sales taxes	(8,161)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>	
Increase in landfill postclosure costs	(400,393)
Decrease in accrued interest payable	<u>18,148</u>
Change in net assets of governmental activities	<u>\$ (3,933,561)</u>

See accompanying notes to the basic financial statements.

COMPONENT UNITS
(Discretely Presented)

Criminal Court Fund – To account for the operations of the district court. Means of financing is provided by fines, forfeits and transfers from other revenue sources of the Police Jury.

Tourist Commission Fund – Established in 1992 to account for operations of the Vermilion Parish Tourist commission which was organized to encourage the development of tourism in Vermilion Parish. The primary source of revenue is a 2% hotel/motel tax levied for the occupancy of hotel rooms, motel rooms and overnight camping facilities.

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF NET ASSETS

ALL DISCRETELY PRESENTED COMPONENT UNITS
 December 31, 2003

	<u>Criminal Court Fund</u>	<u>Tourist Commission Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 11,585	\$ 11,585
Investments	-	36,573	36,573
Other receivable	-	2,938	2,938
Due from other governmental agencies	<u>43,837</u>	<u>2,098</u>	<u>45,935</u>
Total assets	<u>\$ 43,837</u>	<u>\$ 53,194</u>	<u>\$ 97,031</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payables	\$ 2,722	\$ -	\$ 2,722
Bank overdraft	1,076	-	1,076
Due to primary governments	<u>579</u>	<u>-</u>	<u>579</u>
Total liabilities	\$ 4,377	\$ -	\$ 4,377
NET ASSETS			
Unrestricted	<u>39,460</u>	<u>53,194</u>	<u>92,654</u>
Total liabilities and net assets	<u>\$ 43,837</u>	<u>\$ 53,194</u>	<u>\$ 97,031</u>

See accompanying notes to the basic financial statements.

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF ACTIVITIES

ALL DISCRETELY PRESENTED COMPONENT UNITS
 December 31, 2003

	Criminal Court Fund	Tourist Commission Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Expenses	\$ 562,503	\$ 26,042	\$ 588,545
Program revenues:			
Charges for services	157,959	-	157,959
Operating grants and contributions	<u>265,000</u>	<u>-</u>	<u>265,000</u>
Net program revenues	<u>\$ (139,544)</u>	<u>\$ (26,042)</u>	<u>\$ (165,586)</u>
General Revenues:			
Sales tax	\$ -	\$ 28,352	\$ 28,352
Intergovernmental	85,747	-	85,747
Investment income	212	682	894
Miscellaneous	<u>-</u>	<u>7,990</u>	<u>7,990</u>
Total general revenues	<u>\$ 85,959</u>	<u>\$ 37,024</u>	<u>\$ 122,983</u>
Change in net assets	\$ (53,585)	\$ 10,982	\$ (42,603)
Net assets, beginning	<u>93,045</u>	<u>42,212</u>	<u>135,257</u>
Net assets, ending	<u>\$ 39,460</u>	<u>\$ 53,194</u>	<u>\$ 92,654</u>

See accompanying notes to the basic financial statements.

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Vermilion Parish Police Jury (the Police Jury) is the governing authority for Vermilion Parish and is a political subdivision of the State of Louisiana. The Police Jury is governed by fourteen jurors serving four year terms representing various districts within the parish.

Louisiana Revised Statute 33:1236 gives the Police Jury various powers in regulating and directing the affairs of the parish and its inhabitants. These responsibilities include: 1) providing the construction and maintenance of roads, bridges, and drainage systems, 2) providing for the health and welfare of the poor, disadvantaged, and unemployed in the parish, and 3) provide safe neighborhoods and streets. Funding to accomplish these tasks is provided by ad valorem property taxes, sales and use taxes, beer and alcoholic beverage permits, occupational license, state revenue sharing, and various other state and federal grants.

The land area of Vermilion Parish is 1173.9 square miles and has a population of 53,807 people. The Police Jury currently employs approximately 205 people.

Except for the omission of certain component units from the financial statements, as more fully described below, the financial statements of Vermilion Parish Police Jury have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Police Jury's accounting policies are described below.

Reporting entity:

As the governing authority of the parish, for reporting purposes, the Police Jury is the financial reporting entity for Vermilion Parish. The financial reporting entity consists of (1) the primary government (Police Jury), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other 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 14 establishes criteria for determining the governmental reporting entity and component units that should be considered part of the Vermilion Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. the ability of the Police Jury to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.

NOTES TO FINANCIAL STATEMENTS

2. Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Police Jury has determined that the following component units are part of the reporting entity:

Individual component units:

Blended component unit -

Communication District - The voters of Vermilion Parish approved the establishment of a 911 Communication District in 1993. The District is funded primarily by fees added to customers' telephone bills. The Vermilion Parish Police Jury is currently the commissioner of the District. Although it is legally separate from the Police Jury, the District is reported as if it were part of the primary government because its governing body is the same as the governing body of the Jury.

Discretely presented component units -

The component unit column in the combined financial statements includes the financial data of some of the Police Jury's component units. They are reported in a separate column to emphasize that they are legally separate from the Police Jury. Other political subdivisions, as detailed below, which would be required to be included, based on current standards, issue separate financial statements, which have not been included in these financial statements, and can be obtained from the individual entities. Those entities are as follows:

- Consolidated Gravity Drainage District No. 1
- Consolidated Gravity Drainage District No. 2-A
- Coulee Baton Gravity Drainage District No. 1
- Coulee Des Jonc Gravity Drainage District
- Coulee Kinney Gravity Drainage District
- Gravity Drainage District No. 2
- Gueydan Sub-Drainage District No. 5
- Isle Maronne Gravity Drainage District No. 1
- Prairie Gregg Gravity Drainage District No. 2
- Seventh Ward Gravity Drainage District No. 2
- South Bayou Tigre Gravity Drainage District
- Waterworks District No. 1
- Pecan Island Waterworks District No. 3

In addition, although the Vermilion Parish Library has a separate Board, the Police Jury has interpreted the structure to indicate that the Library is not a legally separate entity with the right to sue and be sued. Therefore, the Library has not been regarded as a component unit. The component units included in these financial statements are described below.

Fifteenth Judicial District Criminal Court - The Criminal Court Fund accounts for the operations of the district court. Funding is provided by fines, forfeits and transfers from the Police Jury. Due to the nature and significance of the relationship between the district court and the Police Jury, the court is considered a component unit.

NOTES TO FINANCIAL STATEMENTS

Vermilion Parish Tourist Commission - The Vermilion Parish Tourist Commission was established in 1992 to encourage the development of tourism in Vermilion Parish. The primary source of revenue is a 2% hotel/motel tax levied for the occupancy of hotel and motel rooms and overnight camping facilities. The commission members are all appointed by the Police Jury.

Numerous other authorities and governmental entities established within the Parish of Vermilion have been excluded because control and/or financial responsibility by Vermilion Parish Police Jury is considered remote or due to the fact that such entities are governed by separately elected governmental officials. In particular, the three hospital districts in the Parish are considered fiscally independent special purpose governments as they meet the requirements specified in Governmental Accounting Standard Board Statement No. 14. Those requirements are that they have the authority to 1) determine their budget without the Police Jury being able to approve or modify it; 2) levy taxes or set rates or charges without approval by the Police Jury; and 3) issue bonded debt without the approval of the Police Jury, other than ministerial or compliance approval.

Basis of presentation:

The Jury's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements (individual major fund and combined nonmajor funds). 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 report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Police Jury has no business type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Internal activity between the funds, such as administrative costs, are eliminated in preparation of the government-wide financial statements.

Fund financial statements:

The fund financial statements provide information about the Parish's funds. Separate statements for each fund category (governmental) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTES TO FINANCIAL STATEMENTS

Major and non-major funds:

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Police Jury or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The police jury reports the following major governmental funds:

General Fund – Police Jury’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

1976 Sales Tax Fund – To account for funds derived from a 1976 special one-half cent sales and use tax dedicated for the maintenance of solid waste disposal, fire protection, mosquito control and public works facilities.

1978 Sales Tax Fund – To account for funds derived from a 1978 special one-half cent sales and use tax dedicated for the maintenance of law enforcement facilities, health unit facilities, cooperative extension service facilities, other public buildings and public roads.

1994 Sales Tax Fund – To account for funds derived from a 1994 special one-half cent sales and use tax dedicated for the construction, acquisition, improvements, maintenance and operation of solid waste collection and disposal facilities.

Royalty Road Fund – To account for funds received from the State of Louisiana Royalty Road Fund. These funds are derived from one-tenth of the royalties from mineral leases on state owned lands where production occurred. Expenditures may be made for any lawful purpose.

Parishwide Public Improvement Maintenance Fund – To account for expenditures in connection with maintenance and upkeep of parish roads, bridges, and ferries. Major means of financing is provided by ad valorem taxes, state revenue sharing, the State of Louisiana Parish Transportation fund and transfers from other revenue sources of the Police Jury.

1999 Library Construction Fund – To account for costs associated with the purchase, construction and improvements made with respect to the parish library facilities.

Basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounts. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

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 and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of 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 by all governmental fund types and agency funds. 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. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. The Police Jury considers property taxes as "available" in the year for which budgeted, that is, in the year in which such taxes are billed. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

In addition to property and sales taxes, those major revenues susceptible to accrual are earned grant revenues and other intergovernmental revenues, interest revenues and charges for services.

Franchise fees, licenses and permits, and court fines are recognized when received because they are not objectively determinable.

Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budgeted revenues and expenditures are based on current figures and past experience. Annual appropriated budgets are adopted for the general and special revenue funds. Annual appropriations lapse at fiscal year end. The Police Jury does not use encumbrance accounting. Actual revenues may not fail to meet budgeted revenues and actual expenditures may not exceed budgeted revenues by more than 5% at the individual fund level.

Cash and investments:

Cash and cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the Police Jury may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are short-term deposits and are stated at cost.

Short-term interfund receivables/payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet; or, if a component unit is involved as "due from component unit/primary government" or "due to component unit/primary government."

Bond discounts/issuance costs:

In governmental funds, bond discounts and issuance costs are recognized in the current period. In the government-wide statements, bond discount and issuance costs are deferred and amortized over the terms of the bonds to which such discounts and costs apply.

NOTES TO FINANCIAL STATEMENTS

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 statements –

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical costs, or estimated historical costs for assets where actual historical costs are not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. Estimated amounts are immaterial in relation to total fixed assets. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost and have been included in the accompanying financial statements. The Police Jury maintains a threshold level of \$5,000 for capitalizing fixed assets.

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

Buildings and building improvements	40 years
Furniture and equipment	5 years
Library books	6 years
Infrastructure:	
Roads:	
Asphalt roads	40 years
Non-paved roads	50 years
Bridges	40 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

Employees of the Police Jury hired before January 1, 1998 earn from one to four weeks of vacation leave each year, depending on length of service. Vacation leave can accumulate and carryover up to four weeks of unused time. Upon termination, employees are paid for any unused vacation leave accrued during the year.

Employees hired after January 1, 1998 earn up to a maximum of 2 weeks each year, depending on length of service. Vacation leave cannot be carried over and must be used during the year. However, upon termination, employees are paid for any unused vacation leave accrued during the year.

NOTES TO FINANCIAL STATEMENTS

Employees of the Police Jury accrue one day of sick leave each month. A total of 148 days can be accumulated. Upon termination, employees are paid for any unused sick leave. However, if an employee leaves under their own free will, all accumulated sick leave lapses.

Vacation and sick leave policies of the Vermilion Parish Library are the same as the Police Jury.

Due to uncertainty of actual amounts which will be paid for vacation and sick leave, no accruals have been made at December 31, 2003 for such absences.

Long-term obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and certificates of indebtedness.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Equity classifications:

Government-wide statements:

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

- a. Invested in capital assets, net of related debt – Consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

Interfund transfers:

Permanent reallocations of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual funds have been eliminated.

NOTES TO FINANCIAL STATEMENTS

Estimates:

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

Change in accounting principles and restatement of prior year fund equity:

As a result of implementing Statement No. 34, the following adjustments were required to restate beginning net assets:

Total fund balances/fund equity as previously reported	\$ 33,589,869
Statement No. 34 adjustments:	
Additional governmental fund revenues accruals	808,335
Capital assets, net of depreciation	83,680,720
Bond issue costs, net	86,008
General long-term debt	(11,308,800)
Additional interest payable	(159,397)
Prior period adjustment:	
Adjustment related to prior year lease revenue deferral	(375,000)
	<u>\$ 106,321,735</u>

Note 2. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Revenue from ad valorem taxes are budgeted and recognized in the year billed.

The taxes are based on assessed values determined by the Tax Assessor of Vermilion Parish and are collected by the Sheriff. The taxes are remitted to the Police Jury net of deductions for Pension Fund contributions. The following is a summary of ad valorem taxes levied:

	<u>Levied Millage</u>
Parishwide taxes:	
Parish tax (except Abbeville and Kaplan)	3.65
Parish tax (Abbeville and Kaplan)	1.82
Parishwide public improvement	3.20
Library	4.27
Health unit	2.56
Library Bonds	3.00
District taxes:	
Road District No. 1 - Maintenance	5.62
Sub Road District No. 1 of 2 - Maintenance	5.06
Sub Road District No. 2 of 2 - Maintenance	6.43
Sub Road District No. 3 of 2 - Maintenance	5.47
Sub Road District No. 4 of 2 - Maintenance	8.26
Sub Road District No. 5 of 2 - Maintenance	5.85
Road District No. 3 - Maintenance	5.47
Road District No. 4-A - Maintenance	5.99
Road District No. 6 - Maintenance	6.14
Road District No. 7 - Maintenance	6.00
Ward 8 Public Cemetery	.85

Total taxes levied amounted to \$4,379,209.

NOTES TO FINANCIAL STATEMENTS

Note 3. Dedication of Proceeds and Flow of Funds

The Police Jury has levied three one-half cent sales and use taxes in the years 1976, 1978, and 1994. The taxes are collected by the Vermilion Parish School Board and are remitted to the Police Jury monthly, net of any collection expenses. The proceeds of these taxes, as well as other designated funds, are dedicated as follows:

1976 one-half cent sales and use tax

Proceeds of this tax (2003 collections \$2,687,153) are dedicated for the purpose of constructing, acquiring, improving and/or maintaining garbage and waste disposal facilities; constructing, acquiring, improving and/or maintaining fire department facilities and equipment; constructing, acquiring, improving and/or maintaining mosquito control and abatement facilities; and purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works improvements and facilities; or for any one or more of said purposes.

1978 one-half cent sales and use tax

Proceeds of this tax (2003 collection \$2,867,153) are dedicated for the purpose of providing additional revenues for constructing, operating, improving and maintaining public buildings and structures, including, but not limited to, public buildings for the housing of the Parish jail and law enforcement facilities, health unit facilities, Cooperative Extension Service facilities; and constructing, improving and maintaining the road system of the Parish.

1994 one-half cent sales and use tax

Proceeds of this tax (2003 collections \$2,867,153) are dedicated for the purpose of supplementing other sales tax revenues being collected in the Parish; and constructing, acquiring, improving, maintaining and operating solid waste collection and disposal facilities in the Parish, including the cost of a recycling program.

Proceeds of the tax are pledged and dedicated to the retirement of Public Improvement Bonds with an outstanding principal balance of \$1,340,000 at December 31, 2003.

Series 2002 Certificates of Indebtedness

Proceeds of this bond issue are dedicated for the purpose of constructing, improving and resurfacing Parish roads and bridges.

Excess annual revenues of the Parish above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding are pledged and dedicated to the retirement of the Public Improvement Bonds with an outstanding principal balance of \$1,875,000 at December 31, 2003.

NOTES TO FINANCIAL STATEMENTS

1999 General Obligation Bonds

Proceeds of this bond issue are dedicated for the purpose of constructing, acquiring and improving public library buildings within the parish. A three mill ad valorem tax is dedicated to the retirement of the general obligation bonds with an outstanding balance of \$5,180,000 at December 31, 2003.

Note 4. Deposits and Investments

At year end, the carrying amount of cash and investments (certificates of deposit) was \$25,399,202 (net of bank overdrafts) and the bank balance was \$26,232,451. Of the bank balance, \$662,987 was covered by federal depository insurance and the remaining \$25,569,464 was covered by collateral held by the custodial bank in the bank's name (Category III).

Note 5. Due From/To Other Governmental Agencies

Amounts due from/due to other governmental agencies consisted of the following at December 31, 2003:

	<u>Due From</u>	<u>Due To</u>
Primary Government:		
Vermilion Parish School Board -		
Sales and use taxes collected but not remitted	\$ 632,985	\$ -
Vermilion Parish Sheriff's Department -		
Ad valorem taxes and occupational license fees collected	2,499,145	15,634
Vermilion Parish Clerk of Court -		
Court attendance	-	860
Federal grant funds	-	27,348
State of Louisiana -		
State revenue sharing	309,433	-
Other	<u>204,370</u>	<u>-</u>
	<u>\$ 3,645,933</u>	<u>\$ 43,842</u>
Component Units:		
Vermilion Parish School Board -		
Sales and use taxes collected but not remitted	\$ 2,098	\$ -
Local governmental agencies	<u>43,837</u>	<u>-</u>
	<u>\$ 45,935</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

A summary of changes in the capital assets for the year ended December 31, 2003 is as follows:

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03
Governmental activities:				
Capital assets, not being depreciated				
Police Jury:				
Land	\$ 1,134,263	\$ -	\$ -	\$ 1,134,263
Library:				
Land	297,000	26,000	-	323,000
Construction in process	2,202,629	3,363,608	5,555,545	10,692
Total capital assets, not being depreciated	\$ 3,633,892	\$ 3,389,608	\$ 5,555,545	\$ 1,467,955
Capital assets being depreciated				
Police Jury:				
Buildings and improvements	\$ 11,801,986	\$ -	\$ -	\$ 11,801,986
Furniture and equipment	11,097,135	249,440	41,254	11,305,321
Infrastructure:				
Road surfaces	120,372,100	-	-	120,372,100
Bridges	4,390,133	-	-	4,390,133
Library:				
Buildings and improvements	569,762	5,263,295	-	5,833,057
Furniture and equipment	35,890	34,436	-	70,326
Library books	2,893,735	215,467	15,396	3,093,806
Total capital assets being depreciated	\$ 151,160,741	\$ 5,762,638	\$ 56,650	\$ 156,866,729
Less accumulated depreciation for:				
Police Jury:				
Buildings and improvements	\$ 6,772,984	\$ 335,526	\$ -	\$ 7,108,510
Furniture and equipment	7,311,520	751,851	-	8,063,371
Infrastructure:				
Road surfaces	53,125,043	2,973,438	-	56,098,481
Bridges	2,378,668	116,623	-	2,495,291
Library:				
Buildings and improvements	236,347	142,861	-	379,208
Furniture and equipment	31,967	8,849	-	40,816
Library books	1,257,384	161,381	-	1,418,765
Total accumulated depreciation	\$ 71,113,913	\$ 4,490,529	\$ -	\$ 75,604,442
Total capital assets being depreciated, net	\$ 80,046,828	\$ 1,272,109	\$ 56,650	\$ 81,262,287
Governmental activities capital assets, net	\$ 83,680,720	\$ 4,661,717	\$ 5,612,195	\$ 82,730,242

NOTES TO FINANCIAL STATEMENTS

Depreciation expense of \$4,490,529 for the year ended December 31, 2003, was charged to the following governmental functions:

General government	\$ 402,624
Public safety	242,836
Public works	3,440,040
Health and welfare	52,875
Sanitation, sewerage, and waste disposal	345,070
Culture and recreation	<u>7,084</u>
Total	<u>\$ 4,490,529</u>

Note 7. Long-Term Debt

The following is a summary of long-term debt transactions of Vermilion Parish Police Jury for the year ended December 31, 2003:

	<u>Balance</u> <u>01/01/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>
Sales tax revenue bonds	\$ 1,900,000	\$ -	\$ 560,000	\$ 1,340,000
Refunding certificates of indebtedness	2,320,000	-	445,000	1,875,000
General obligation bonds	5,380,000	-	200,000	5,180,000
Closure and post-closure costs	<u>1,708,800</u>	<u>400,393</u>	<u>-</u>	<u>2,109,193</u>
	<u>\$11,308,800</u>	<u>\$ 400,393</u>	<u>\$1,205,000</u>	<u>\$10,504,193</u>

Bonds outstanding at December 31, 2003 are as follows:

	<u>Final</u> <u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Balance</u> <u>Outstanding</u>
1994 - Sales tax revenue bonds	06/01/94	06/01/09	5.00 - 8.00	\$ 1,340,000
Series 2002 refunding certificates of indebtedness	10/01/03	10/01/07	3.05	1,875,000
Series 1999 library general obligation bond	12/01/99	03/01/19	5.50 - 7.00	<u>5,180,000</u>
				<u>\$ 8,395,000</u>

The annual debt service requirements to maturity of all bonds outstanding at December 31, 2003, including interest payments of \$2,932,716, follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2004	\$ 403,714	\$ 860,000	\$ 1,263,714
2005	364,120	895,000	1,259,120
2006	323,066	925,000	1,248,066
2007	282,210	960,000	1,242,210
2008	241,815	500,000	741,815
2009 - 2013	<u>1,317,791</u>	<u>4,255,000</u>	<u>5,572,791</u>
	<u>\$ 2,932,716</u>	<u>\$ 8,395,000</u>	<u>\$ 11,327,716</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Balances

Interfund balances at December 31, 2003 consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due from/to other funds -		
General Fund	\$ 51,530	\$ 453,921
Special revenue funds -		
Major funds:		
1976 Sales Tax	-	4,317
1978 Sales Tax	-	1,409
1994 Sales Tax	-	118,493
Royalty Road	514,930	-
Parishwide Public Improvement Maintenance	41,301	49,994
Non-major funds:		
Public Library	-	807
Health Unit	-	1,350
Civil Defense	-	66
Debt service fund -		
Non-major fund:		
1994 Sales Tax Bonds	<u>22,596</u>	<u>-</u>
	<u>\$ 630,357</u>	<u>\$ 630,357</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 9. Defined Benefit Pension Plan

Substantially, all employees of Vermilion Parish Police Jury participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer public employee retirement system controlled and administered by separate Board of Trustees. The Police Jury also participates in other State retirement systems. The contributions to these systems are immaterial to the Jury's total retirement contributions, and therefore, no further information on the other systems is provided.

All permanent Police Jury employees who work at least 28 hours a week, not participating in another public funded retirement system, and are under 60 years of age at time of employment shall become members of the plan. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, or with ten years of service at age 60. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980.

NOTES TO FINANCIAL STATEMENTS

Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated previously, and who do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Plan members are required to contribute 9.50% of their annual covered salary and the Police Jury is required to contribute at an actuarially determined rate. The current employer contribution rate is 7.75% of annual covered payroll. The contribution requirements of Plan members and the Police Jury are established and may be amended by the System's Board of Trustees. The Police Jury's contributions to the System for the year ended December 31, 2003, 2002, and 2001 was \$330,514, \$382,689, 388,910, respectively, equal to the required contribution for the year. Contributions to the System also include ¼ of 1% of the amount of the tax shown to be collectible by the tax roll of the parish and allocated ratably based upon covered salaries between Plan A and Plan B. The Jury is a member of Plan A.

The Parochial Employees' Retirement System issues a publicly available report that includes financial statements and required supplemental information. The report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Note 10. Interfund Transfers

Interfund transfers for the year ended December 31, 2003 consist of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$1,000,000	\$ 57,800
Special revenue funds -		
Major funds:		
1976 Sales Tax	-	200,000
1978 Sales Tax	197,631	1,800,000
1994 Sales Tax	203,617	271,123
Royalty Road	-	1,300,000
Parishwide Public Improvement Maintenance	2,334,536	-
Non-major funds:		
Civil Defense	57,800	-
Road District No. 1 Maintenance	-	24,113
Maintenance of Road Districts	-	210,423
Debt service funds -		
Non-major funds:		
1978 Sales Tax Refunding Bonds	311,000	508,631
1994 Sales Tax Bonds	271,123	3,617
	<u>\$4,375,707</u>	<u>\$4,375,707</u>

NOTES TO FINANCIAL STATEMENTS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund required, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11. Post Employment Health Care Benefits

The Vermilion Parish Police Jury provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all of the Police Jury's employees become eligible for those benefits if they reach normal retirement age while working for the Police Jury. Those benefits for retirees and similar benefits for active employees are contracted through a private insurance company. Retired employees reimburse the Jury for a portion of their premiums, but the active employee's premiums are paid jointly by the employee and the Police Jury. The Police Jury recognizes the cost of providing these benefits for active employees (Police Jury's portion of premiums) as expenditures when paid during the year. During 2003, the Jury expended \$596,133 for coverage of 81 retirees.

Note 12. Contingent Liabilities

At December 31, 2003, Vermilion Parish Police Jury is either a defendant or co-defendant in several lawsuits. In most cases, attorneys for the Police Jury are of the opinion that either the loss potential to the Jury is minimal, if at all, or awards to plaintiffs, if any, will be within the limits of insurance coverage. In those cases where awards are in excess of coverage the Jury would be protected by the sovereign immunity clauses of the Louisiana Constitution. There are other suits still in the discovery stages and, therefore, no evaluation of those claims could be made.

The Jury also owns and operates a parish landfill. As of December 31, 2003, the Jury was not aware of any environmental liabilities with respect to the landfill, not already recognized in the financial statements. Nor was the Jury aware of any environmental issues regarding any other properties or holdings of the parish.

Note 13. Closure and Post Closure Care Costs

The Vermilion Parish Police Jury landfill began operations in 1978. State and federal laws and regulations require the Jury to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The estimated closure and post closure costs at December 31, 2003, are \$2,109,193. The total estimated remaining closure and post closure costs to be recognized is \$1,094,807. The Jury also owns adjacent property which has been approved for the relocation of their landfill operations after the present site is closed; that property is not yet permitted and therefore, an estimate of closure and post closure costs is not currently required.

Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, generally accepted accounting principles require the Jury to report a portion of these costs as a liability in its general long-term liabilities based on landfill capacity used. At December 31, 2003, capacity used was estimated at 1,580,000 cubic yards, while total capacity was estimated at 2,400,000 cubic yards. The Police Jury expects to close the landfill in twelve to fourteen years. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

The closure and post closure costs discussed above are expected to be fully covered by the one-half cent sales tax passed in 1995.

Note 14 Risk Management

Vermilion Parish Police Jury is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Jury carries commercial insurance.

Note 15. Receivable and Payable Between Primary Government and Component Units

Receivable and payable balances at December 31, 2003 between the primary government and component units were as follows:

	<u>Receivable</u>	<u>Payable</u>
Primary government:		
General Fund	\$ 111	\$ -
Royalty Road Fund	468	-
Component units:		
Criminal Court	<u>-</u>	<u>579</u>
	<u>\$ 579</u>	<u>\$ 579</u>

Note 16. Transactions Between Primary Government and Discretely Presented Component Units

The following transactions between the primary government and its discretely presented component units during 2003 are classified as external transactions in the government-wide statement of activities:

General Fund:	
Transfer to Criminal Court to subsidize operations	<u>\$ (265,000)</u>

Note 17. Wireless E911 Service Status

In accordance with LRS 33:9101 et seq, following is a summary of revenues derived from wireless service charges, how such funds were expended, and the progress of Phase 1 implementation.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2003:

Total funds received from wireless service charges		<u>\$ 181,122</u>
Expenditures made solely for wireless 911		<u>\$ 4,311</u>
Expenditures made solely for wireline 911		<u>\$ -</u>
Percentage of balance of expenditures attributable to wireless 911 (total balance of expenditures multiplied by the percentage of wireless calls received by the District to the total number of calls received)	53%	<u>\$ 265,260</u>

Status of Phase 1 implementation:

- AT&T Wireless - implemented
- Pace - implemented
- Centennial - implemented
- T-Mobile - not yet implemented
- Sprint PCS - not yet implemented
- Cingular - implemented
- Nextel - implemented
- Tritel Communications - not yet implemented
- Verizon Wireless - not yet implemented
- VoiceStream - not yet implemented

Note 18. Parish Government Building Lease

During 2001, the Jury purchased the Hibernia Bank building in Abbeville to serve as a new parish government office building. In order to facilitate the transaction, the Jury entered into an agreement with Hibernia Bank in which Hibernia would sell the building for a total sales price of \$900,000, with the Jury paying \$525,000 in cash and the remaining balance representing a prepayment from Hibernia for a lease of space within the building in which Hibernia would continue to maintain their branch. The total amount credited against the purchase price amounted to \$375,000, and represents payment for the 20-year permanent term of the lease. Rent for each permanent term of the lease is \$1,563 per month.

The lease has an initial term which commenced in December 2001, and shall continue for twelve months unless otherwise extended by the lessee. Lessee has the option to terminate the initial term on the last day of the calendar month in which lessee notifies the Jury that they are ready to occupy the leased premises as modified by lessee's initial alterations. During the initial term, gross rent of \$3,065 per month shall be paid to the Jury. The initial term was renewed (up to 4 additional months) in 2002 and therefore gross rent of \$3,832 per month is paid to the Jury.

After the initial term is complete, the permanent term of the lease shall commence and shall terminate twenty (20) years thereafter, unless extended by lessee. Rent during any extended permanent term shall be tied to the initial permanent term monthly rental adjusted for changes in the "Consumer Price Index."

NOTES TO FINANCIAL STATEMENTS

As mentioned above, the lease payments were prepaid as an adjustment of the cash transferred for the purchase of the building. The balance of the unearned lease payments received is \$356,250 at December 31, 2003 and is presented as deferred revenue in the financial statements.

The future minimum rental revenue from the above lease as follows:

2004	\$ 18,756
2005	18,756
2006	18,756
2007	18,756
2008	18,756
Thereafter	<u>262,470</u>
	<u>\$ 356,250</u>

The land and building under this lease have cost and accumulated depreciation at December 31, 2003 as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 250,000	\$ -
Building	<u>650,000</u>	<u>31,146</u>
Total assets under lease	<u>\$ 900,000</u>	<u>\$ 31,146</u>

Note 19. Intergovernmental Transfer Program

During 2001, the Jury entered into cooperative endeavor agreements with the State of Louisiana and the Vermilion Parish Hospital District #3 d/b/a Gueydan Memorial Guest Home whereby the hospital district would receive from the State Department of Health and Hospitals certain Medicaid Enhancement Pool payments. The district would retain a 1% administrative fee and forward the remaining funds to the Jury (district's primary governmental agency). Upon receipt of the funds, the Jury immediately advances the entire amount received to the State Department of Treasury to provide funding of the State's Medicaid Trust Fund for the Elderly.

All funds received and disbursed are accounted for within an agency fund titled the "Intergovernmental Transfer Fund." The amounts of funds received and disbursed in 2003 was \$1,380,578. At December 31, 2003, all balances in this agency fund were zero.

Note 20. Subsequent Events

During 2004, the Jury refunded the sales tax revenue bonds secured by the 1994 tax. These bonds were retired through the issuance of new sales tax revenue bonds, series 2004. The new bonds have a principal balance of \$915,000 with interest rates from 1.75% to 3.00%. The bonds mature on June 1, 2009.

Note 21. Prior Period Adjustment

A prior period adjustment in the amount of \$375,000 was made to the current year financial statements in the General Fund. The amount represents the amount of the prepaid lease that should have been recorded as deferred revenue in the prior years. See Note 17 for additional information related to the lease transactions.

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REQUIRED SUPPLEMENTAL INFORMATION
(Part II)

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BUDGETARY COMPARISON SCHEDULES

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 733,787	\$ 733,787	\$ 796,803	\$ 63,016
Licenses and permits	228,425	228,425	326,381	97,956
Intergovernmental	1,232,249	1,290,249	1,284,531	(5,718)
Charges for services	169,146	169,146	161,909	(7,237)
Investment income	3,000	3,000	1,275	(1,725)
Miscellaneous	10,713	10,712	73,180	62,468
Total revenues	<u>\$ 2,377,320</u>	<u>\$ 2,435,319</u>	<u>\$ 2,644,079</u>	<u>\$ 208,760</u>
Expenditures:				
General government	\$ 2,526,802	\$ 2,534,399	\$ 2,324,679	\$ 209,720
Public safety	648,848	648,848	538,789	110,059
Public works	409,500	304,500	230,407	74,093
Health and welfare	183,576	183,576	176,670	6,906
Culture and recreation	66,600	64,400	51,593	12,807
Total expenditures	<u>\$ 3,835,326</u>	<u>\$ 3,735,723</u>	<u>\$ 3,322,138</u>	<u>\$ 413,585</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,458,006)</u>	<u>\$ (1,300,404)</u>	<u>\$ (678,059)</u>	<u>\$ 622,345</u>
Other financing sources (uses):				
Proceeds from sale of property	\$ -	\$ -	\$ 2,000	\$ 2,000
Transfers from other funds	1,700,000	1,300,000	1,000,000	(300,000)
Transfers to other funds	(57,800)	(57,800)	(57,800)	-
Transfers to component units	(300,000)	(300,000)	(265,000)	35,000
Total other financing sources (uses)	<u>\$ 1,342,200</u>	<u>\$ 942,200</u>	<u>\$ 679,200</u>	<u>\$ (263,000)</u>
Net change in fund balance	<u>\$ (115,806)</u>	<u>\$ (358,204)</u>	<u>\$ 1,141</u>	<u>\$ 359,345</u>
Fund balance, as previously stated	\$ 584,680	\$ 603,255	\$ 603,255	\$ -
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(375,000)</u>	<u>(375,000)</u>
Fund balance, as restated	<u>\$ 584,680</u>	<u>\$ 603,255</u>	<u>\$ 228,255</u>	<u>\$ (375,000)</u>
Fund balance, ending	<u>\$ 468,874</u>	<u>\$ 245,051</u>	<u>\$ 229,396</u>	<u>\$ (15,655)</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE

1976 SALES TAX FUND
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,300,000	\$ 2,826,302	\$ 2,867,153	\$ 40,851
Investment income	50,000	69,966	68,433	(1,533)
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>\$ 2,350,000</u>	<u>\$ 2,896,268</u>	<u>\$ 2,936,586</u>	<u>\$ 40,318</u>
Expenditures:				
General government	\$ 38,144	\$ -	\$ 38,261	\$ (38,261)
Public safety	449,371	447,853	432,692	15,161
Public works	173,750	172,750	170,070	2,680
Health and welfare	700,627	699,127	622,511	76,616
Total expenditures	<u>\$ 1,361,892</u>	<u>\$ 1,319,730</u>	<u>\$ 1,263,534</u>	<u>\$ 56,196</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 988,108</u>	<u>\$ 1,576,538</u>	<u>\$ 1,673,052</u>	<u>\$ 96,514</u>
Other financing sources (uses):				
Proceeds from sale of property	\$ -	\$ -	\$ 4,120	\$ 4,120
Transfers to other funds	(750,000)	(750,000)	(200,000)	550,000
Total other financing sources (uses)	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>	<u>\$ (195,880)</u>	<u>\$ 554,120</u>
Net change in fund balance	\$ 238,108	\$ 826,538	\$ 1,477,172	\$ 650,634
Fund balance, beginning	<u>5,331,149</u>	<u>5,331,149</u>	<u>5,331,149</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,569,257</u>	<u>\$ 6,157,687</u>	<u>\$ 6,808,321</u>	<u>\$ 650,634</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE

1978 SALES TAX FUND
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,300,000	\$ 2,826,303	\$ 2,867,153	\$ 40,850
Investment income	19,000	24,386	26,118	1,732
Miscellaneous	-	-	42	42
Total revenues	<u>\$ 2,319,000</u>	<u>\$ 2,850,689</u>	<u>\$ 2,893,313</u>	<u>\$ 42,624</u>
Expenditures:				
General government	\$ 38,144	\$ -	\$ 38,261	\$ (38,261)
Public safety	440,326	428,026	413,090	14,936
Culture and recreation	69,154	63,854	53,659	10,195
Total expenditures	<u>\$ 547,624</u>	<u>\$ 491,880</u>	<u>\$ 505,010</u>	<u>\$ (13,130)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,771,376</u>	<u>\$ 2,358,809</u>	<u>\$ 2,388,303</u>	<u>\$ 29,494</u>
Other financing sources (uses):				
Transfers from other funds	\$ -	\$ 163,299	\$ 197,631	\$ 34,332
Transfers to other funds	(1,800,000)	(1,800,000)	(1,800,000)	-
Total other financing sources (uses)	<u>\$ (1,800,000)</u>	<u>\$ (1,636,701)</u>	<u>\$ (1,602,369)</u>	<u>\$ 34,332</u>
Net change in fund balance	\$ (28,624)	\$ 722,108	\$ 785,934	\$ 63,826
Fund balance, beginning	<u>1,870,523</u>	<u>1,870,523</u>	<u>1,870,523</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,841,899</u>	<u>\$ 2,592,631</u>	<u>\$ 2,656,457</u>	<u>\$ 63,826</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE

1994 SALES TAX FUND
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,867,153	\$ 867,153
Intergovernmental	-	2,087,922	523,426	(1,564,496)
Charges for services	372,000	372,000	367,064	(4,936)
Investment income	80,000	80,000	58,997	(21,003)
Total revenues	<u>\$ 2,452,000</u>	<u>\$ 4,539,922</u>	<u>\$ 3,816,640</u>	<u>\$ (723,282)</u>
Expenditures:				
General government	\$ 44,184	\$ -	\$ 38,261	\$ (38,261)
Sanitation, sewerage and waste disposal	3,927,715	4,772,838	4,280,904	491,934
Total expenditures	<u>\$ 3,971,899</u>	<u>\$ 4,772,838</u>	<u>\$ 4,319,165</u>	<u>\$ 453,673</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,519,899)</u>	<u>\$ (232,916)</u>	<u>\$ (502,525)</u>	<u>\$ (269,609)</u>
Other financing sources (uses):				
Proceeds from sale of property	\$ -	\$ -	\$ 10	\$ 10
Transfers from other funds	750,000	750,000	203,617	(546,383)
Transfers to other funds	-	-	(271,123)	(271,123)
Total other financing sources (uses)	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ (67,496)</u>	<u>\$ (817,496)</u>
Net change in fund balance	<u>\$ (769,899)</u>	<u>\$ 517,084</u>	<u>\$ (570,021)</u>	<u>\$ (1,087,105)</u>
Fund balance, beginning	<u>5,824,950</u>	<u>5,824,950</u>	<u>5,824,950</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,055,051</u>	<u>\$ 6,342,034</u>	<u>\$ 5,254,929</u>	<u>\$ (1,087,105)</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE

ROYALTY ROAD FUND
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state royalty road funds	\$ 640,000	\$ 640,000	\$ 710,634	\$ 70,634
Investment income	50,000	50,000	56,023	6,023
Total revenues	<u>\$ 690,000</u>	<u>\$ 690,000</u>	<u>\$ 766,657</u>	<u>\$ 76,657</u>
Expenditures:				
General government	\$ 247,710	\$ 247,210	\$ 213,140	\$ 34,070
Public works	125,000	84,000	69,369	14,631
Total expenditures	<u>\$ 372,710</u>	<u>\$ 331,210</u>	<u>\$ 282,509</u>	<u>\$ 48,701</u>
Excess (deficiency) of revenues over expenditures	\$ 317,290	\$ 358,790	\$ 484,148	\$ 125,358
Other financing sources (uses):				
Transfers to other funds	<u>(3,100,000)</u>	<u>(3,100,000)</u>	<u>(1,300,000)</u>	<u>1,800,000</u>
Net change in fund balance	\$ (2,782,710)	\$ (2,741,210)	\$ (815,852)	\$ 1,925,358
Fund balance, beginning	<u>4,055,861</u>	<u>4,055,861</u>	<u>4,055,861</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,273,151</u>	<u>\$ 1,314,651</u>	<u>\$ 3,240,009</u>	<u>\$ 1,925,358</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE

PARISHWIDE PUBLIC IMPROVEMENT MAINTENANCE FUND
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 575,000	\$ 581,202	\$ 616,784	\$ 35,582
Intergovernmental	478,826	466,400	600,811	134,411
Investment income	2,391	2,000	790	(1,210)
Miscellaneous	4,517	100	23,839	23,739
Total revenues	\$ 1,060,734	\$ 1,049,702	\$ 1,242,224	\$ 192,522
Expenditures:				
General government	\$ 62,479	\$ 62,671	\$ 62,716	\$ (45)
Public works	3,992,491	4,316,572	3,711,078	605,494
Total expenditures	\$ 4,054,970	\$ 4,379,243	\$ 3,773,794	\$ 605,449
Excess (deficiency) of revenues over expenditures	\$ (2,994,236)	\$ (3,329,541)	\$ (2,531,570)	\$ 797,971
Other financing sources (uses):				
Proceeds from sale of property	\$ 35,997	\$ -	\$ 41,100	\$ 41,100
Transfers from other funds	2,839,115	3,434,537	2,334,536	(1,100,001)
Total other financing sources (uses)	\$ 2,875,112	\$ 3,434,537	\$ 2,375,636	\$ (1,058,901)
Net change in fund balance	\$ (119,124)	\$ 104,996	\$ (155,934)	\$ (260,930)
Fund balance, beginning	810,389	810,389	810,389	-
Fund balance, ending	\$ 691,265	\$ 915,385	\$ 654,455	\$ (260,930)

**VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA**

NOTES TO BUDGETARY COMPARISION SCHEDULES

Note 1. Legal Compliance - Budgets

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

1. The Secretary-Treasurer prepares a proposed operating budget which is submitted to the budget committee who in turn presents the proposed budget to the Police Jury no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Police Jury.
6. Those budgets which the Police Jury adopts are on a basis consistent with generally accepted accounting principles as applied to governmental units.

Budgeted amounts reflect the original budget and the final budget.

Budget Basis of Accounting:

Legally, the Jury must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Excess of Expenditures over Appropriations

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2003:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
1978 Sales Tax Fund	\$ <u>547,624</u>	\$ <u>491,880</u>	\$ <u>505,010</u>	\$ <u>13,130</u>

OTHER SUPPLEMENTAL SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING BALANCE SHEET - BY FUND TYPE

NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2003

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS			
Cash	\$ 529,031	\$ 405	\$ 529,436
Investments, at cost	4,174,184	2,748,100	6,922,284
Accrued interest receivable	2,616	1,589	4,205
Ad valorem taxes receivables	739,541	170,981	910,522
Allowance for uncollectible taxes	(125,923)	(29,364)	(155,287)
Accounts receivables	176,367	-	176,367
Due from other funds	-	22,596	22,596
Due from other governmental agencies	1,608,457	335,147	1,943,604
Total assets	<u>\$ 7,104,273</u>	<u>\$ 3,249,454</u>	<u>\$ 10,353,727</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 157,513	\$ -	\$ 157,513
Bank overdraft	1,526	-	1,526
Due to other funds	2,223	-	2,223
Total liabilities	<u>\$ 161,262</u>	<u>\$ -</u>	<u>\$ 161,262</u>
 FUND BALANCES			
Unreserved - undesignated	\$ 6,943,011	\$ -	\$ 6,943,011
Reserved for debt service	-	3,249,454	3,249,454
Total fund balances	<u>\$ 6,943,011</u>	<u>\$ 3,249,454</u>	<u>\$ 10,192,465</u>
Total liabilities and fund balances	<u>\$ 7,104,273</u>	<u>\$ 3,249,454</u>	<u>\$ 10,353,727</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BY FUND TYPE

NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2003

	Special Revenue	Debt Service	Total
Revenues:			
Taxes	\$ 2,481,057	\$ 574,791	\$ 3,055,848
Intergovernmental	306,153	-	306,153
Charges for services	678,232	-	678,232
Fines and forfeitures	5,336	-	5,336
Investment income	60,263	9,966	70,229
Miscellaneous	16,299	-	16,299
Total revenues	<u>\$ 3,547,340</u>	<u>\$ 584,757</u>	<u>\$ 4,132,097</u>
Expenditures:			
General government	\$ 241,952	\$ -	\$ 241,952
Public safety	660,935	-	660,935
Public works	1,026,470	-	1,026,470
Health and welfare	581,396	-	581,396
Culture and recreation	1,022,409	-	1,022,409
Debt service -			
Principal retirement	-	1,205,000	1,205,000
Interest and fiscal charges	-	470,367	470,367
Refinancing charges	-	2,015	2,015
Total expenditures	<u>\$ 3,533,162</u>	<u>\$ 1,677,382</u>	<u>\$ 5,210,544</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 14,178</u>	<u>\$ (1,092,625)</u>	<u>\$ (1,078,447)</u>
Other financing sources (uses):			
Proceeds from sale of property	\$ 1,000	\$ -	\$ 1,000
Transfers from other funds	57,800	582,123	639,923
Transfers to other funds	(234,536)	(512,248)	(746,784)
Total other financing sources (uses)	<u>\$ (175,736)</u>	<u>\$ 69,875</u>	<u>\$ (105,861)</u>
Net change in fund balances	\$ (161,558)	\$ (1,022,750)	\$ (1,184,308)
Fund balances, beginning	<u>7,104,569</u>	<u>4,272,204</u>	<u>11,376,773</u>
Fund balances, ending	<u>\$ 6,943,011</u>	<u>\$ 3,249,454</u>	<u>\$ 10,192,465</u>

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NON-MAJOR SPECIAL REVENUE FUNDS

Public Library – To account for the maintenance of the main library and the branch libraries which provide services to citizens within the parish. Major means of financing is provided by ad valorem taxes and state revenue sharing.

Health Unit – To account for the maintenance of a health unit which provides health and welfare services to the citizens of the parish. Major means of financing is provided by ad valorem taxes, state revenue sharing and interest earnings on investments.

Ward 8 Public Cemetery – To account for the maintenance of public cemeteries in Ward 8 of Vermilion Parish. Major means of financing is provided by ad valorem taxes and state revenue sharing.

Economic Development Fund – To account for operations of the Economic Development Board established to enhance business development within the parish. The primary source of funding is contributions from private sources.

Communications District – To account for the operations of a 911 emergency system in the Parish, which is funded primarily by fees added to customer's telephone bills.

Civil Defense Fund – To account for the civil defense operations in the parish. Means of financing is provided by a grant from the State of Louisiana Office of Emergency of Preparedness and transfers from other revenue sources of the Police Jury.

Road District No. 1 Maintenance Fund – To account for the maintenance and upkeep of parish roads within Road District No. 1. Major means of financing is provided by ad valorem taxes and state revenue sharing.

Maintenance of Road Districts Funds – To account for the maintenance and upkeep of parish roads within various road districts other than Road District No. 1. Major means of financing is provided by ad valorem taxes and state revenue sharing.

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2003

	Public Library	Health Unit Fund	Ward 8 Public Cemetery Fund
ASSETS			
Cash	\$ 148,538	\$ 34,286	\$ 21,665
Investments, at cost	221,741	2,510,000	51,800
Accrued interest receivable	784	1,696	87
Ad valorem taxes receivables	243,362	145,903	7,504
Allowance for uncollectible taxes	(41,794)	(25,057)	(855)
Accounts receivables	-	-	-
Due from other governmental agencies	561,352	315,219	8,376
Total assets	<u>\$ 1,133,983</u>	<u>\$ 2,982,047</u>	<u>\$ 88,577</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 9,622	\$ 3,385	\$ -
Bank overdraft	-	-	-
Due to other funds	807	1,350	-
Total liabilities	<u>\$ 10,429</u>	<u>\$ 4,735</u>	<u>\$ -</u>
 FUND BALANCES			
Unreserved - undesignated	<u>1,123,554</u>	<u>2,977,312</u>	<u>88,577</u>
Total liabilities and fund balances	<u>\$ 1,133,983</u>	<u>\$ 2,982,047</u>	<u>\$ 88,577</u>

Exhibit K-1

<u>Economic Development Fund</u>	<u>Communications District Fund</u>	<u>Civil Defense Fund</u>	<u>Road District No. 1 Maintenance Fund</u>	<u>Maintenance of Road Districts Funds</u>	<u>Total</u>
\$ 1,411	\$ 203,910	\$ 52,422	\$ 39,997	\$ 26,802	\$ 529,031
-	150,093	-	104,000	1,136,550	4,174,184
-	-	-	49	-	2,616
-	-	-	49,611	293,161	739,541
-	-	-	(5,651)	(52,566)	(125,923)
-	172,926	3,441	-	-	176,367
-	-	-	53,100	670,410	1,608,457
<u>\$ 1,411</u>	<u>\$ 526,929</u>	<u>\$ 55,863</u>	<u>\$ 241,106</u>	<u>\$ 2,074,357</u>	<u>\$ 7,104,273</u>
\$ 300	\$ 96,212	\$ 3,702	\$ 9,883	\$ 34,409	\$ 157,513
-	-	-	-	1,526	1,526
-	-	66	-	-	2,223
<u>\$ 300</u>	<u>\$ 96,212</u>	<u>\$ 3,768</u>	<u>\$ 9,883</u>	<u>\$ 35,935</u>	<u>\$ 161,262</u>
<u>1,111</u>	<u>430,717</u>	<u>52,095</u>	<u>231,223</u>	<u>2,038,422</u>	<u>6,943,011</u>
<u>\$ 1,411</u>	<u>\$ 526,929</u>	<u>\$ 55,863</u>	<u>\$ 241,106</u>	<u>\$ 2,074,357</u>	<u>\$ 7,104,273</u>

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VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS
 MAINTENANCE OF ROAD DISTRICT FUNDS

December 31, 2003

	Sub Road District #1	Sub Road District #2	Sub Road District #3	Sub Road District #2	Road District #4-A	Road District #6	Road District #7	Total					
ASSETS													
Cash	\$ 8,270	\$ 2,728	\$ 2,017	\$ -	\$ 7,918	\$ 1,796	\$ 2,835	\$ 1,238	\$ 26,802				
Investments, at cost	165,600	43,950	148,100	353,000	82,500	117,700	29,400	196,300	1,136,550				
Ad valorem taxes receivables	44,795	14,040	10,773	55,545	28,573	29,323	17,699	92,413	293,161				
Allowance for uncollectible taxes	(10,721)	(2,453)	(2,967)	(9,784)	(4,126)	(5,084)	(2,666)	(14,765)	(52,566)				
Due from other governmental agencies	156,122	33,752	31,520	120,647	57,123	69,230	28,044	173,972	670,410				
Total assets	\$ 364,066	\$ 92,017	\$ 189,443	\$ 519,408	\$ 171,988	\$ 212,965	\$ 75,312	\$ 449,158	\$ 2,074,357				

LIABILITIES AND FUND BALANCES

LIABILITIES													
Accounts payable	\$ 13,136	\$ 2,811	\$ 967	\$ 1,494	\$ 2,520	\$ 386	\$ 10,876	\$ 2,219	\$ 34,409				
Bank overdraft	-	-	-	1,526	-	-	-	-	1,526				
Total liabilities	\$ 13,136	\$ 2,811	\$ 967	\$ 3,020	\$ 2,520	\$ 386	\$ 10,876	\$ 2,219	\$ 35,935				
FUND BALANCES													
Unreserved - undesignated	350,930	89,206	188,476	516,388	169,468	212,579	64,436	446,939	2,038,422				
Total liabilities and fund balances	\$ 364,066	\$ 92,017	\$ 189,443	\$ 519,408	\$ 171,988	\$ 212,965	\$ 75,312	\$ 449,158	\$ 2,074,357				

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES

NON-MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2003

	Public Library	Health Unit Fund	Ward 8 Public Cemetery Fund	Economic Development Fund
Revenues				
Taxes	\$ 823,307	\$ 493,105	\$ 16,777	\$ -
Intergovernmental	135,061	43,524	1,734	-
Charges for services	9,750	28,215	-	-
Fines and forfeitures	5,336	-	-	-
Investment income	5,703	30,264	876	7
Miscellaneous	13,971	500	-	-
Total revenues	<u>\$ 993,128</u>	<u>\$ 595,608</u>	<u>\$ 19,387</u>	<u>\$ 7</u>
Expenditures				
General government	\$ 30,897	\$ 56,524	\$ 2,707	\$ -
Public safety	-	-	-	-
Public works	-	-	16,230	-
Health and welfare	-	581,396	-	-
Culture and recreation	1,021,209	-	-	1,200
Total expenditures	<u>\$ 1,052,106</u>	<u>\$ 637,920</u>	<u>\$ 18,937</u>	<u>\$ 1,200</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (58,978)</u>	<u>\$ (42,312)</u>	<u>\$ 450</u>	<u>\$ (1,193)</u>
Other financing sources (uses):				
Proceeds from sale of property	\$ 1,000	\$ -	\$ -	\$ -
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (57,978)</u>	<u>\$ (42,312)</u>	<u>\$ 450</u>	<u>\$ (1,193)</u>
Fund balances, beginning	<u>1,181,532</u>	<u>3,019,624</u>	<u>88,127</u>	<u>2,304</u>
Fund balances, ending	<u>\$ 1,123,554</u>	<u>\$ 2,977,312</u>	<u>\$ 88,577</u>	<u>\$ 1,111</u>

Exhibit K-3

Communications District Fund	Civil Defense Fund	Road District No. 1 Maintenance Fund	Maintenance of Road Districts Funds	Total
\$ -	\$ -	\$ 110,950	\$ 1,036,918	\$ 2,481,057
-	30,347	8,068	87,419	306,153
640,267	-	-	-	678,232
-	-	-	-	5,336
2,836	-	1,509	19,068	60,263
-	56	-	1,772	16,299
<u>\$ 643,103</u>	<u>\$ 30,403</u>	<u>\$ 120,527</u>	<u>\$ 1,145,177</u>	<u>\$ 3,547,340</u>
\$ -	\$ -	\$ 11,375	\$ 140,449	\$ 241,952
580,465	80,470	-	-	660,935
-	-	91,694	918,546	1,026,470
-	-	-	-	581,396
-	-	-	-	1,022,409
<u>\$ 580,465</u>	<u>\$ 80,470</u>	<u>\$ 103,069</u>	<u>\$ 1,058,995</u>	<u>\$ 3,533,162</u>
<u>\$ 62,638</u>	<u>\$ (50,067)</u>	<u>\$ 17,458</u>	<u>\$ 86,182</u>	<u>\$ 14,178</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,000
-	57,800	-	-	57,800
-	-	(24,113)	(210,423)	(234,536)
<u>\$ -</u>	<u>\$ 57,800</u>	<u>\$ (24,113)</u>	<u>\$ (210,423)</u>	<u>\$ (175,736)</u>
\$ 62,638	\$ 7,733	\$ (6,655)	\$ (124,241)	\$ (161,558)
368,079	44,362	237,878	2,162,663	7,104,569
<u>\$ 430,717</u>	<u>\$ 52,095</u>	<u>\$ 231,223</u>	<u>\$ 2,038,422</u>	<u>\$ 6,943,011</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES

NON-MAJOR SPECIAL REVENUE FUNDS
 MAINTENANCE OF ROAD DISTRICT FUNDS
 For the Year Ended December 31, 2003

	Sub Road District #1	Sub Road District #2	Sub Road District #3	Sub Road District #2	Sub Road District #3	Sub Road District #2	Sub Road District #4	Sub Road District #5	Road District #4-A	Road District #6	Road District #7	Total			
Revenues															
Taxes - ad valorem	\$ 212,811	\$ 48,475	\$ 58,483	\$ 191,530	\$ 81,700	\$ 98,653	\$ 51,874	\$ 293,392	\$ 1,036,918						
Intergovernmental -															
State revenue sharing	28,553	6,759	11,476	-	24,087	4,855	6,821	4,868	87,419						
Investment income	3,246	590	1,874	4,830	1,335	2,451	472	4,270	19,068						
Miscellaneous	-	-	-	-	1,772	-	-	-	1,772						
Total revenues	\$ 244,610	\$ 55,824	\$ 71,833	\$ 196,360	\$ 108,894	\$ 105,959	\$ 59,167	\$ 302,530	\$ 1,145,177						
Expenditures:															
General government -															
Financial administration	\$ 21,537	\$ 4,880	\$ 41,163	\$ 19,688	\$ 8,363	\$ 10,128	\$ 5,345	\$ 29,345	\$ 140,449						
Public works	212,992	27,019	22,383	124,645	78,205	131,108	41,294	280,900	918,546						
Total expenditures	\$ 234,529	\$ 31,899	\$ 63,546	\$ 144,333	\$ 86,568	\$ 141,236	\$ 46,639	\$ 310,245	\$ 1,058,995						
Excess (deficiency) of revenues over expenditures	\$ 10,081	\$ 23,925	\$ 8,287	\$ 52,027	\$ 22,326	\$ (35,277)	\$ 12,528	\$ (7,715)	\$ 86,182						
Other financing uses:															
Transfers to other funds	(45,960)	(9,776)	(12,869)	(35,210)	(19,624)	(20,107)	(11,722)	(55,155)	(210,423)						
Net change in fund balances	\$ (35,879)	\$ 14,149	\$ (4,582)	\$ 16,817	\$ 2,702	\$ (55,384)	\$ 806	\$ (62,870)	\$ (124,241)						
Fund balances, beginning	386,809	75,057	193,058	499,571	166,766	267,963	63,630	509,809	2,162,663						
Fund balances, ending	\$ 350,930	\$ 89,206	\$ 188,476	\$ 516,388	\$ 169,468	\$ 212,579	\$ 64,436	\$ 446,939	\$ 2,038,422						

NON-MAJOR DEBT SERVICE FUNDS

- 1978 Sales Tax Refunding Bonds – To accumulate monies for repayment of \$2,030,000 of bonds which were issued in 1993 to refund the 1978 Sales Tax Public Improvement Bonds. Payments are due in various annual amounts through 2003, with interest accruing at various rates, ranging from 2.8% to 5.0%. These bonds are financed by a deduction of proceeds of a ½% (1978) sales and use tax.
- 1994 Sales Tax Bond – To accumulate monies for repayment of \$2,310,000 of public improvement bonds. Payments are due in various annual amounts through 2009, with interest accruing at various rates, ranging from 5.00% to 8.00%. These bonds are financed by a dedication of proceeds of a ½% (1994) sales and use tax.
- 1999 General Obligation Bonds – To accumulate monies for repayment of \$6,000,000 of bonds which were issued in 1999 for the purpose of constructing, acquiring, and improving public library buildings within the parish. Payments are due in various annual amounts through 2019, with interest accruing at various rates, ranging from 4.75% to 7.00%. These bonds are financed by a dedication of proceeds of a 3 mill property tax.
- 2002 Refunding Certificates of Indebtedness – To accumulate monies for repayment of \$2,320,000 of refunding bonds, which were issued in 2002 to refund the 1997 capital road improvement bonds. Payments are due in various annual amounts through 2007, with interest accruing at 3.05%

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING BALANCE SHEET

NON-MAJOR DEBT SERVICE FUNDS
 December 31, 2003

	1978 Sales Tax Refunding Bonds		1994 Sales Tax Bond		1999 General Obligation Bonds Library	2002 Refunding Certificates of Indebtedness	Total
	Total	Sinking Fund	Reserve Fund	Total			
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ 149	\$ 206	\$ 50	\$ 405
Investments, at cost	-	-	-	427,300	194,900	2,125,900	2,748,100
Accrued interest receivable	-	-	-	681	-	908	1,589
Ad valorem taxes receivables	-	-	-	-	170,981	-	170,981
Allowance for uncollectible taxes	-	-	-	-	(29,364)	-	(29,364)
Due from other funds	-	-	-	22,596	-	-	22,596
Due from other governmental agencies	-	-	-	-	335,147	-	335,147
Total assets	\$ -	\$ -	\$ -	\$ 450,726	\$ 671,870	\$ 2,126,858	\$ 3,249,454
FUND BALANCES							
Fund balances:							
Reserved for debt service	\$ -	\$ -	\$ -	\$ 450,726	\$ 671,870	\$ 2,126,858	\$ 3,249,454

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES

NON-MAJOR DEBT SERVICE FUNDS
 For the Year Ended December 31, 2003

	1978 Sales Tax Refunding Bonds			1994 Sales Tax Bond			1999	2002	Total
	Total	Sinking Fund	Reserve Fund	Total	Sinking Fund	Reserve Fund	General Obligation Bonds Library	Refunding Certificates of Indebtedness	
Revenues:									
Taxes - ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,791	\$ -	\$ 574,791
Investment income	1,669	1,519	150	4,693	1,420	3,273	2,695	909	9,966
Total revenues	\$ 1,669	\$ 1,519	\$ 150	\$ 4,693	\$ 1,420	\$ 3,273	\$ 577,486	\$ 909	\$ 584,757
Expenditures:									
Debt service -									
Principal retirement	\$ 375,000	\$ 375,000	\$ -	\$ 185,000	\$ 185,000	\$ -	\$ 200,000	\$ 445,000	\$ 1,205,000
Interest and fiscal charges	19,113	19,113	-	82,254	82,254	-	310,033	60,982	472,382
Total expenditures	\$ 394,113	\$ 394,113	\$ -	\$ 267,254	\$ 267,254	\$ -	\$ 510,033	\$ 505,982	\$ 1,677,382
Excess (deficiency) of revenues over expenditures	\$ (392,444)	\$ (392,594)	\$ 150	\$ (262,561)	\$ (265,834)	\$ 3,273	\$ 67,453	\$ (505,073)	\$ (1,092,625)
Other financing sources (uses):									
Transfers from other funds	\$ 311,000	\$ 311,000	\$ -	\$ 271,123	\$ 271,123	\$ -	\$ -	\$ -	\$ 582,123
Transfers to other funds	(508,631)	(196,301)	(312,330)	(3,617)	-	(3,617)	-	-	(512,248)
Total other financing sources (uses):	\$ (197,631)	\$ 114,699	\$ (312,330)	\$ 267,506	\$ 271,123	\$ (3,617)	\$ -	\$ -	\$ 69,875
Net change in fund balances	\$ (590,075)	\$ (277,895)	\$ (312,180)	\$ 4,945	\$ 5,289	\$ (344)	\$ 67,453	\$ (505,073)	\$ (1,022,750)
Fund balances, beginning	590,075	277,895	312,180	445,781	174,756	271,025	604,417	2,631,931	4,272,204
Fund balances, ending	\$ -	\$ -	\$ -	\$ 450,726	\$ 180,045	\$ 270,681	\$ 671,870	\$ 2,126,858	\$ 3,249,454

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COMPONENT UNITS

Criminal Court Fund - To account for the operations of the district court. Means of financing is provided by fines, forfeits and transfers from other revenue sources of the Police Jury.

Tourist Commission Fund - Established in 1992 to account for operations of the Vermilion Parish Tourist Commission which was organized to encourage the development of tourism in Vermilion Parish. The primary source of revenue is a 2% hotel/motel tax levied for the occupancy of hotel rooms, motel rooms and overnight camping facilities.

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA
BALANCE SHEET

COMPONENT UNIT
CRIMINAL COURT
December 31, 2003

ASSETS

CURRENT ASSETS

Due from other governmental agencies \$ 43,837

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Account payables \$ 2,722
Bank overdraft 1,076
Due to primary government 579

Total liabilities \$ 4,377

FUND EQUITY

Unreserved - undesignated 39,460

Total liabilities and fund equity \$ 43,837

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

COMPONENT UNIT
 CRIMINAL COURT
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 103,710	\$ 103,710	\$ 85,747	(17,963)
Fines and forfeitures	146,000	146,000	157,959	11,959
Investment income	<u>500</u>	<u>500</u>	<u>212</u>	<u>(288)</u>
Total revenues	\$ 250,210	\$ 250,210	\$ 243,918	\$ (6,292)
Expenditures:				
General government - Judicial	<u>547,455</u>	<u>547,455</u>	<u>562,503</u>	<u>(15,048)</u>
Excess (deficiency) of revenues over expenditures	\$ (297,245)	\$ (297,245)	\$ (318,585)	\$ (21,340)
Other financing sources:				
Transfers from primary government	<u>300,000</u>	<u>300,000</u>	<u>265,000</u>	<u>(35,000)</u>
Net change in fund balance	\$ 2,755	\$ 2,755	\$ (53,585)	\$ (56,340)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>93,045</u>	<u>93,045</u>
Fund balance, ending	<u>\$ 2,755</u>	<u>\$ 2,755</u>	<u>\$ 39,460</u>	<u>\$ 36,705</u>

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA
BALANCE SHEET

COMPONENT UNITS
TOURIST COMMISSION
December 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 11,585
Investments	36,573
Other receivable	2,938
Due from other governmental agencies	<u>2,098</u>

Total assets	<u>\$ 53,194</u>
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FUND EQUITY

FUND EQUITY

Unreserved - undesignated	<u>\$ 53,194</u>
---------------------------	------------------

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

COMPONENT UNITS
 TOURIST COMMISSION
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 22,000	\$ 22,000	\$ 28,352	\$ 6,352
Investment income	500	500	682	182
Miscellaneous	<u>-</u>	<u>-</u>	<u>7,990</u>	<u>7,990</u>
Total revenues	\$ 22,500	\$ 22,500	\$ 37,024	\$ 14,524
Expenditures:				
Culture and recreation	<u>22,500</u>	<u>22,500</u>	<u>26,042</u>	<u>(3,542)</u>
Net change in fund balance	\$ -	\$ -	\$ 10,982	\$ 10,982
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>42,212</u>	<u>42,212</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,194</u>	<u>\$ 53,194</u>

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

Schedule N-1

SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS
For Year Ended December 31, 2003

Jury members:		
Abshire, Purvis	\$	14,400
Bessard, Terry		14,400
Broussard, Minos		14,400
Broussard, Ernal J.		14,400
Dehart, Kenneth		14,400
Duhon, Carroll		14,400
Faulk, Hubert J.		14,400
Hardee, Luther		14,400
Hardy, Louis Joe		14,400
Meaux, Pervis		14,400
Poche, Mark		14,400
Prejean, T.J., Jr.		14,400
Simon, Edval, Jr.		14,400
Trahan, Ritter		14,400
Total	\$	<u>201,600</u>

VERMILION PARISH POLICE JURY
 ABBEVILLE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	<u>CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation and Development</u>		
Passed Through State Department of Transportation and Development: Public Transportation for Non-Urbanized Areas	20.509	\$ 111,732
<u>Federal Emergency Management Agency</u>		
Passed Through State Office of Emergency Preparedness: Public Assistance Grants	83.544	<u>560,698</u>
Total expenditures of federal awards		<u>\$ 672,430</u>

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Vermilion Parish Policy Jury and is presented on the modified accrual basis of accounting.

OTHER REPORTS

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
C E R T I F I E D P U B L I C A C C O U N T A N T S

P. O. Box 518
Abbeville, Louisiana
70511-0518
phone: (318) 898-1497
fax: (318) 898-1698

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

Other Offices:

Crowley, LA
(318) 783-0650

Lafayette, LA
(318) 988-4930

Opelousas, LA
(318) 942-5217

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684-2855

Eunice, LA
(318) 457-0071

Vermilion Parish Police Jury
Abbeville, Louisiana

We have audited the basic financial statements of the Vermilion Parish Police Jury as of and for the year ended December 31, 2003, and have issued our report thereon dated July 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jury's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs at items 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 of 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Lawrence A. Cramer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
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Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappey III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

Vermilion Parish Police Jury
Abbeville, Louisiana

This report is intended for the information of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard, Poché, Lewis, Brann L.L.P.

Abbeville, Louisiana
July 7, 2004



BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
C E R T I F I E D P U B L I C A C C O U N T A N T S

P. O. Box 518
Abbeville, Louisiana
70511-0518
phone: (318) 898-1497
fax: (318) 898-1698

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Crowley, LA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Vermilion Parish Police Jury
Abbeville, Louisiana

Compliance

We have audited the compliance of Vermilion 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 its major federal programs for the year ended December 31, 2003. The Jury's major federal programs are identified in the summary of auditors' 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 Jury's management. Our responsibility is to express an opinion on the Jury's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vermilion Parish Police Jury's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Jury's compliance with those requirements.

In our opinion, Vermilion Parish 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, 2003.

Vermilion Parish Police Jury
Abbeville, Louisiana

Internal Control Over Compliance

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

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Abbeville, Louisiana
July 7, 2004

Broussard, Poché, Lewis & Beaure L.L.P.

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

We have audited the financial statements of the Vermilion Parish Police Jury as of and for the year ended December 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contain in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 resulted in an adverse opinion on aggregate discretely presented component units and an unqualified opinion on all other opinion units.

Section I. Summary of Auditor's Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes None reported

Compliance

Compliance Material to Financial Statement Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes None reported

Type of Opinion on Compliance
For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are these findings required to be reported in accordance with Circular A-133, Section .510 (a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
83.544	Public Assistance Grant

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? Yes No

Section II. Financial Statement Findings

2003-1 Report Filing

Finding: The financial report for the year ended December 31, 2003, was not filed with the Legislative Auditor's office within six months of the close of the fiscal year as required by law.

Cause: Information needed to accurately comply with GASB Statement 34 was not available in order to allow the timely completion of the report. Since this is the first year of the implementation a large amount of information was required to be gathered.

Recommendation and response: We recommend, and management agrees, that every effort will be made to assure that the information needed for the timely completion of the engagement is available.

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2003

Section II. Financial Statement Findings (continued)

2003-2 Budget Violations

Finding: Actual revenues failed to meet budgeted revenue by more than 5% in the 1994 Sales Tax Fund.

Cause: The Police Jury did not amend the applicable budgets in the funds mentioned above to reflect changes in circumstances that result in these budget violations.

Recommendation: We recommend, and management agrees, that the budget should be reviewed periodically throughout the fiscal year and amended as situations warrant.

Section III. Federal Award Findings and Questioned Costs

There were no findings related to the major programs that are required to be reported in accordance with OMB Circular A-133 for the year ended December 31, 2003.

VERMILION PARISH POLICE JURY
ABBEVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2003

I. Internal Control and Compliance Material to the Financial Statements

2002-01 Internal Control – Health Insurance Enrollment and Monthly Billing Statements

Finding: The present system of submitting tracking, monitoring and following up on change requests for changes in coverage or enrollment of health insurance participants is inefficient and ineffective. During our auditing procedures it was discovered that an overpayment of the health premium during the year 2002 had occurred. This overpayment resulted for various reasons, including charges to participant enrollment not being properly made, credits not being received for participants with changes in coverage and payment by the Jury of incorrect premiums.

Recommendation: We recommend, and management agrees, that the Police Jury design and implement a system to track, monitor and follow up on change requests to the health insurer for changes in coverage and enrollment. These change requests should be forwarded to the insurance company prior to their cutoff date for the month. A log should be kept and each change request listed. Each record within the log should detail the insured name, description of the change requested, date requested or sent to insurance company, date received, comments and if follow up was required, date of follow up along with the result. If credit is not received on the subsequent billing statement and the request was submitted to the insurance company timely, an immediate follow up on the request should be done.

It is further recommended that the Police Jury begin paying the premium billed on the monthly statement as opposed to internally generated reports. When the insurance company issues credit for changes they simply deduct from the next month's bill and payment of differing amounts will complicate tracking of issuance of proper credit considerably.

Corrective Action: The administrative office is currently developing a system to track the monthly health insurance premium payments and changes. A form/log is being developed at this time which will allow the identification of and give details for any change in status and recognize the disposition of the change. The administrative staff involved in the review or payment of the premium statement will be schooled in the tracking and monitoring of the change from start to finish.

Current Status: The situation causing this finding has been rectified.

II. Internal Control and Compliance Material to Federal Awards

There were no findings related to the major programs that are required to be reported in accordance with OMB Circular A-133 for the year ended December 31, 2002.

III. Management Letter

There was no management letter issued for the year ended December 31, 2002.

VERMILION PARISH POLICE JURY
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended December 31, 2003

I. Internal Control and Compliance Material to the Financial Statements

Report Filing

Finding: The financial report for the year ended December 31, 2003, was not filed with the Legislative Auditor's office within six months of the close of the fiscal year as required by law.

Cause: Information needed to accurately comply with GASB Statement 34 was not available in order to allow the timely completion of the report. Since this is the first year of the implementation a large amount of information was required to be gathered.

Recommendation: We recommend that every effort will be made to assure that the information needed for the timely completion of the engagement is available.

Budget Violations

Finding: Actual revenues failed to meet budgeted revenue by more than 5% in the 1994 Sales Tax Fund.

Cause: The Police Jury did not amend the applicable budgets in the funds mentioned above to reflect changes in circumstances that result in these budget violations.

Recommendation: We recommend that the budget should be reviewed periodically throughout the fiscal year and amended as situations warrant.

II. Internal Control and Compliance Material to Federal Awards

There were no findings related to the major programs that are required to be reported in accordance with OMB Circular A-133 for the year ended December 31, 2003.

III. Management Letter

There was no management letter issued for the year ended December 31, 2003.

Responsible party: Michael J. Bertrand, Secretary-Treasurer