

**Vernon Parish Tax Agency Fund
of the Vernon Parish School Board
Leesville, Louisiana**

**Financial Statements
June 30, 2004**

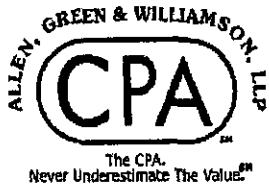
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 1-26-05

**Vernon Parish Tax Agency Fund
of the Vernon Parish School Board**

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Independent Auditors' Report

Board Members

Vernon Parish Tax Agency Fund
of the Vernon Parish School Board
Leesville, Louisiana

We have audited the accompanying financial statement of the aggregate remaining fund information of the *Vernon Parish Tax Agency Fund of the Vernon Parish School Board as of June 30, 2004*, as listed in the table of contents. This financial statement is the responsibility of the Vernon Parish School Board's management. Our responsibility is to express an opinion on this financial statement 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 of America. 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.

As discussed in Note 1, the financial statement of the Vernon Parish Tax Agency Fund is intended to present the assets and liabilities of only that portion of the aggregate remaining fund information of the reporting entity of the Vernon Parish School Board that is attributable to the transactions of the Vernon Parish Tax Agency Fund. They do not purport to, and do not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the aggregate remaining fund information of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board, as of June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

The Vernon Parish Tax Agency Fund has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2004, on our consideration of the Vernon Parish Tax Agency Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 16, 2004

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

**Statement of Assets and Liabilities
June 30, 2004**

Statement A

ASSETS

Cash	<u>\$0</u>
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Total Assets	<u>\$0</u>
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LIABILITIES

Deposits due others	<u>\$0</u>
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Total Liabilities	<u>\$0</u>
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**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

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**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Vernon Parish Tax Agency Fund has been formed under joint agreement of the Vernon Parish School Board, the Vernon Parish Police Jury, the City of Leesville, the Town of New Llano, the Town of Rosepine, the Town of Hornbeck and the Vernon Parish Sheriff for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 33:2844.

A. REPORTING ENTITY For financial reporting purposes, in conformance with GASB Statement No. 14, the Vernon Parish Tax Agency Fund is an agency fund of the Vernon Parish School Board. Accordingly, the accompanying financial statements present only the accounts of the tax agency fund and are not intended to present fairly the financial position and results of operations of the Vernon Parish School Board in conformity with accounting principles generally accepted in the United States of America. The Vernon Parish Tax Agency Fund is included as part of the basic financial statements of the Vernon Parish School Board.

B. FUND ACCOUNTS A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Funds are classified into one category, fiduciary. Fiduciary funds are used to account for assets held for others. The tax agency fund requires the use of a fiduciary fund as described below:

Fiduciary Fund — The Vernon Parish Tax Agency Fund is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities within the parish. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. BASIS OF ACCOUNTING The basis of accounting for an agency fund is the accrual basis. The measurement focus is custodial, since the fund is not involved with the performance of governmental services. An agency fund has no revenues or expenditures and therefore there is no fund balance or need to measure the results of operations for a period.

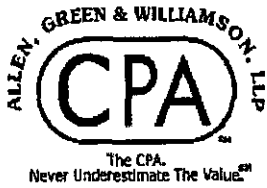
D. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

NOTE 2 - CHANGES IN DEPOSITS DUE OTHERS A summary of changes in deposits due others for the year ended June 30, 2004, is as follows:

BALANCE, Beginning	\$ <u>0</u>
ADDITIONS:	
Sales tax collections	<u>17,353,716</u>
DEDUCTIONS:	
Taxes distributed to others:	
Vernon Parish School Board	8,257,329
Vernon Parish Police Jury & Tourism	6,260,936
City of Leesville	2,332,067
Town of New Llano	96,116
Town of Rosepine	79,061
Town of Hornbeck	19,179
Vernon Parish Sheriff Office	<u>309,028</u>
Total deductions	<u>17,353,716</u>
BALANCE, Ending	\$ <u>0</u>

NOTE 3 - COMMITMENTS AND CONTINGENCIES The Vernon Parish Tax Agency is involved in several cases that are still pending at June 30, 2004.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members

Vernon Parish Tax Agency Fund of the
Vernon Parish School Board
Leesville, Louisiana

We have audited the financial statements of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board as of June 30, 2004, and have issued our report thereon dated September 16, 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 of America.

As discussed in Note 1, the financial statement of the Vernon Parish Tax Agency Fund is intended to present the assets and liabilities of only that portion of aggregate remaining fund information of the reporting entity of the Vernon Parish School Board that is attributable to the transactions of the Vernon Parish Tax Agency Fund.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Vernon Parish Tax Agency Fund of the Vernon Parish School Board'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 an opinion 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 cause 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.

Compliance

As part of obtaining reasonable assurance about whether the Vernon Parish Tax Agency Fund of the Vernon Parish School Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, and the Vernon Parish Police Jury, the City of Leesville, the Town of New Llano, the Town of Rosepine, the Town of Hornbeck and the Vernon Parish Sheriff, and is not intended to be and should not be used by anyone other than the specified parties. Although the intended use of this letter may be limited, under Louisiana Revised Statute 24:513 this letter is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 16, 2004