

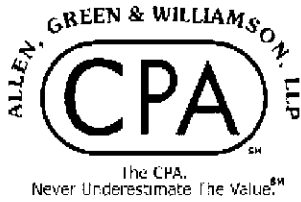
**Vernon Parish Sales Tax Agency Fund
of the Vernon Parish School Board
Leesville, Louisiana**

**Financial Statement
June 30, 2017**

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

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Independent Auditor's Report

Board Members

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

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Assets and Liabilities of the Vernon Parish Sales Tax Agency Fund of the Vernon Parish School Board, as of June 30, 2017, and the related notes to the financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the Statement of Fiduciary Assets and Liabilities referred to above presents fairly, in all material respects, the respective financial position of the Sales Tax Agency Fund, as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Vernon Parish Sales Tax Agency Fund and does not purport to, and does not, present fairly the financial position of the Vernon Parish School Board, as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

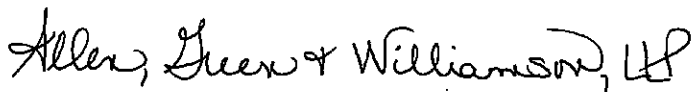
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Sales Tax Agency Fund. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statement.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the Sales Tax Agency Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Sales Tax Agency Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sales Tax Agency Fund's internal control over financial reporting and compliance.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 21, 2017

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

**Statement of Fiduciary Assets and Liabilities
June 30, 2017**

Statement A

ASSETS

Accounts Receivable, net	\$ 3,636,169
Cash, Restricted - paid under protest	<u>109,151</u>
Total Assets	<u><u>\$ 3,745,320</u></u>

LIABILITIES

Deposits due others	\$ 3,636,169
Taxes paid under protest payable with restricted assets	<u>109,151</u>
Total Liabilities	<u><u>\$ 3,745,320</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**Vernon Parish Sales Tax Agency Fund
of the Vernon Parish School Board
Notes to the Financial Statement
June 30, 2017**

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**Vernon Parish Sales Tax Agency Fund
of the Vernon Parish School Board
Notes to the Financial Statement
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Vernon Parish Sales 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, the Vernon Parish Sheriff, and Office of Tourism for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 33:2844. The Vernon Parish School Board charges the joint governments a collection fee of 1.5% of total collections to cover operating costs for the Vernon Parish Sales Tax Agency Fund.

A. REPORTING ENTITY For financial reporting purposes, in conformance with Governmental Accounting Standards Board Statements. The Reporting Entity, the Vernon Parish Sales 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 Sales 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 Sales Tax Agency fund requires the use of a fiduciary fund as described below:

Fiduciary Fund - The Vernon Parish Sales 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.

NOTE 2 - CASH The Vernon Parish Sales Tax Agency Fund receives money from various sales tax vendors. These collections are split deposited directly into the bank accounts of the various taxing bodies. Further, the Vernon Parish Sales Tax Agency Fund has no bank or investment accounts in its name. The School Board is holding monies in behalf of the Agency Fund for sales taxes paid under protest, which are restricted until the protest is resolved. See Note 6 for additional information.

**Vernon Parish Sales Tax Agency Fund
of the Vernon Parish School Board
Notes to the Financial Statement
June 30, 2017**

NOTE 3 - CHANGES IN DEPOSITS DUE OTHERS A summary of changes in deposits due others for the year ended June 30, 2017, is as follows:

BALANCE, Beginning	<u>\$ 3,466,748</u>
ADDITIONS:	
Sales tax collections	<u>28,415,129</u>
DEDUCTIONS:	
Collection fees	423,685
Taxes distributed to others:	
Vernon Parish School Board	11,322,779
Vernon Parish Police Jury	8,492,020
Vernon Parish Sheriff Office	2,830,686
City of Leesville	4,195,832
Village of Rosepine	194,156
Village of New Llano	469,980
Town of Hornbeck	63,766
Office of Tourism	<u>252,804</u>
Total deductions	<u>28,245,708</u>
BALANCE, Ending	<u><u>\$ 3,636,169</u></u>

NOTE 4 - COMMITMENTS AND CONTINGENCIES The Vernon Parish Sales Tax Agency Fund is involved in lawsuits with two companies in which the companies are claiming they are not required to collect and remit sales tax and one lawsuit in which the Sales Tax Agency Fund is claiming the company is not charging their customers the correct jurisdictional sales tax. One company has been and is continuing to collect and remit the sales tax collections under protest until the lawsuit is settled. See Note 6 below. The outcomes and/or settlement of these lawsuits are uncertain as of the date of this report.

NOTE 5 - ACCOUNTS RECEIVABLE Accounts receivable represents sales tax collections in July, 2017 for June sales and amounts owed on delinquent accounts. An allowance for doubtful accounts of \$135,343 has been established for the delinquent accounts as the Agency does not expect to collect these balances in full. The Sales Tax Agency Fund has \$1,036,479 included in the net accounts receivable balance for delinquent accounts, in which these accounts are under payment plans and are not expected to be collected within one year.

NOTE 6 - TAXES PAID UNDER PROTEST There is currently \$109,151 in Taxes Paid Under Protest. Taxes paid under protest are being held by the Vernon Parish School Board in a separate account. The courts have ruled in favor of the Sales Tax Agency Fund, however the outcome of this case remains uncertain. Legal counsel has advised that the Sales Tax Agency Fund should continue to hold these funds until a settlement or resolution of this case has been reached.

**Vernon Parish Sales Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statement
June 30, 2017**

NOTE 7 - SALES TAX DISTRIBUTIONS The following schedule shows the sales tax distributions on a cash basis to the local governmental sales taxing entities for the fiscal year ended June 30, 2017:

	<u>Gross Amounts</u>	<u>Less Collection Fees</u>
Vernon Parish School Board (2%)		
School Board (1%) 1973	\$ 5,747,603	\$ 86,214
School Board (1%) 1991	5,747,603	86,214
	<u>11,495,206</u>	<u>172,428</u>
 Vernon Parish Police Jury (1.5%)		
Police Jury (1%) 2006	5,747,561	86,213
Police Jury (0.5%) 2006	2,873,780	43,107
	<u>8,621,341</u>	<u>129,320</u>
 Vernon Parish Sheriff's Office		
Law Enforcement District (0.5%) 2004	<u>2,873,793</u>	<u>43,107</u>
 City of Leesville (1.5%)		
City of Leesville (1%) 2004	2,839,818	42,597
City of Leesville (0.5%) 2004	1,419,910	21,299
	<u>4,259,728</u>	<u>63,896</u>
 Village of Rosepine (1.5%)		
Village or Rosepine (1%) 2011 Renewal	131,409	1,971
Village of Rosepine (.5%) 2011	65,704	986
	<u>197,113</u>	<u>2,957</u>
 Village of New Llano (1.5%)		
Village of New Llano (1%)	318,091	4,771
Village of New Llano (.5%) 2007	159,046	2,386
	<u>477,137</u>	<u>7,157</u>
 Town of Hornbeck (1%)	<u>64,737</u>	<u>971</u>
 Tourism (3%)	256,654	3,850
Total	<u>\$ 28,245,708</u>	<u>\$ 423,685</u>

A total of \$103,607 was billed to these entities for audit fees paid to external auditors. Payments were made from each governmental entity directly to the external auditor. Governmental entities are billed a collection fee of 1.5%, which is collected by the Sales Tax Agency Fund and remitted to the School Board.

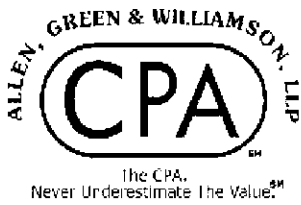
**Vernon Parish Sales Tax Agency Fund
of the Vernon Parish School Board**

OTHER INFORMATION

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

**Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017**

The Vernon Parish Sales Tax Agency Fund is an agency fund of the Vernon Parish School Board. The schedule of compensation, benefits, and other payments to the agency head for the Vernon Parish School Board is included in the audit report for Vernon Parish School Board.



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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*

Independent Auditor's Report

Board Members

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Fiduciary Assets and Liabilities of the Vernon Parish Sales Tax Agency Fund of the Vernon Parish School Board, as of June 30, 2017, and the related notes to the financial statement, which collectively comprise the Sales Tax Agency Fund's basic financial statement, and have issued our report thereon dated December 21, 2017.

Emphasis of Matter

As discussed in Note 1, the financial statement presents *only* the Vernon Parish Sales Tax Agency Fund and does not purport to, and does not, present fairly the financial position of the Vernon Parish School Board, as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Sales Tax Agency Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sales Tax Agency Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sales Tax Agency Fund's internal control.

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

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

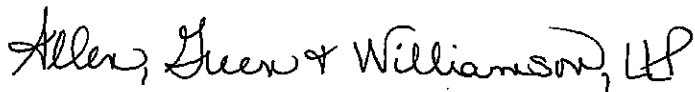
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Sales Tax Agency Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sales Tax Agency Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 21, 2017