

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

**Financial Statements
June 30, 2021**

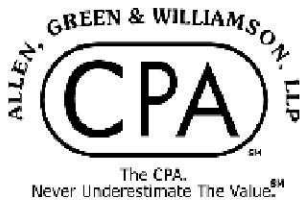
**Vernon Parish Sales Tax Custodial Fund
of the Vernon Parish School Board**

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

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Independent Auditor's Report

Board Members

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sales Tax Custodial Fund of the Vernon Parish School Board, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 8 to the financial statements, the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements present only the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board and do not purport to, and do not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2021, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted 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 statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Sales Tax Custodial 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 financial statements.

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 statements, 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 31, 2021 on our consideration of the Sales Tax Custodial 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 Custodial 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 Custodial Fund's internal control over financial reporting and compliance.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2021

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

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

Statement A

**Custodial
Funds**

ASSETS

Receivables:

Taxes for other governments, net of allowance	\$ 2,401,297
Cash restricted for taxes paid under protest	165,224
Total assets	<u>2,566,521</u>

LIABILITIES

Due to local governments	2,400,284
Total liabilities	<u>2,400,284</u>

NET POSITION

Restricted for:

Individuals, organizations, and other governments	166,237
Total net position	<u>\$ 166,237</u>

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

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Year Ended June 30, 2021**

	Statement B
	Custodial Funds
ADDITIONS	
Sales tax collections for other governments	\$ 22,584,705
Total additions	22,584,705
DEDUCTIONS	
Payments of sales tax to other governments	22,572,522
Total deductions	22,572,522
Net increase (decrease) in fiduciary net position	12,183
Net position-beginning, restated	154,054
Net position-ending	\$ 166,237

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

**Vernon Parish Sales Tax Custodial Fund
of the Vernon Parish School Board
Notes to the Financial Statements
June 30, 2021**

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**Vernon Parish Sales Tax Custodial Fund
of the Vernon Parish School Board
Notes to the Financial Statements
June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Vernon Parish Sales Tax Custodial 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 Custodial Fund.

A. REPORTING ENTITY For financial reporting purposes, in conformance with Governmental Accounting Standards Board Statements, the Vernon Parish Sales Tax Custodial Fund is a Custodial fund of the Vernon Parish School Board. Accordingly, the accompanying financial statements present only the accounts of the tax custodial 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 Custodial 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.

Fiduciary funds account for assets held by the government in a trustee capacity or a custodian on behalf of outside parties, including other governments. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust, or private-purpose trust funds. The custodial funds are as follows:

Sales tax fund – accounts for monies collected on behalf of other taxing authorities in the parish.

Protested sales tax fund – accounts for collection of sales tax receipts that are paid under protest and are set aside until the protest has been resolved.

C. BASIS OF ACCOUNTING The basis of accounting for a custodial fund is the accrual basis. Custodial funds are used to report fiduciary activities that are not required to be reported in pension and trust funds, investment trust funds, or private-purpose trust funds.

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 additions, deductions and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH The Vernon Parish Sales Tax Custodial Fund receives money from various sales tax vendors. These collections are split and deposited directly into the bank accounts of the various taxing bodies. Further, the Vernon Parish Sales Tax Custodial Fund has no bank or investment accounts in its name. The School Board is holding monies on behalf of the Custodial 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 Custodial Fund
of the Vernon Parish School Board
Notes to the Financial Statements
June 30, 2021**

NOTE 3 - CHANGES IN DEPOSITS DUE TO LOCAL GOVERNMENTS The Sales Tax Custodial Fund beginning balance was reduced by \$1,480,479 because the amount due to the School Board was removed as it did not meet the definition of custodial funds under GASB 84. A summary of changes in deposits due to local governments for the year ended June 30, 2021, is as follows:

BALANCE, Beginning	\$ 2,030,906
ADDITIONS:	
Sales tax collections	22,572,523
DEDUCTIONS:	
Collection fees	333,047
Taxes distributed to others:	
Vernon Parish Police Jury	11,449,690
Vernon Parish Sheriff Office	3,816,410
City of Leesville	5,323,811
Village of Rosepine	259,340
Village of New Llano	612,049
Town of Hornbeck	72,461
Office of Tourism	336,337
Total deductions	22,203,145
BALANCE, Ending	\$ 2,400,284

NOTE 4 - COMMITMENTS AND CONTINGENCIES The Vernon Parish Sales Tax Custodial Fund is involved in lawsuits with one company in which the company is claiming they are not required to collect and remit sales tax. This 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 this lawsuit are uncertain as of the date of this report.

NOTE 5 - ACCOUNTS RECEIVABLE Accounts receivable of \$2,401,297 represents sales tax collections in July, 2021 for June sales and amounts owed on delinquent accounts of \$1,149,275. The Sales Tax Custodial Fund has \$1,149,275 of allowance for doubtful accounts included in the accounts receivable balance for delinquent accounts, in which these accounts are under payment plans or have been sent to the Office of Debt Recovery (ODR) and are not expected to be collected within one year.

NOTE 6 - TAXES PAID UNDER PROTEST There is currently \$166,237 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 Custodial Fund, however the outcome of this case remains uncertain. Legal counsel has advised that the Sales Tax Custodial Fund should continue to hold these funds until a settlement or resolution of this case has been reached.

**Vernon Parish Sales Tax Custodial Fund
of the Vernon Parish School Board
Notes to the Financial Statements
June 30, 2021**

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, 2021:

	<u>Gross Amounts</u>	<u>Less Collection Fees</u>	<u>Net Distributions</u>
Vernon Parish Police Jury (1.5%)			
Police Jury (1%) 2006	\$ 7,749,367	\$ 116,241	\$ 7,633,126
Police Jury (0.5%) 2006	3,874,684	58,120	3,816,564
	<u>11,624,051</u>	<u>174,361</u>	<u>11,449,690</u>
Vernon Parish Sheriff's Office			
Law Enforcement District (0.5%) 2004	<u>3,874,528</u>	<u>58,118</u>	<u>3,816,410</u>
City of Leesville (1.5%)			
City of Leesville (1%) 2004	3,603,256	54,049	3,549,207
City of Leesville (0.5%) 2004	1,801,628	27,024	1,774,604
	<u>5,404,884</u>	<u>81,073</u>	<u>5,323,811</u>
Village of Rosepine (1.5%)			
Village of Rosepine (1%) 2011 Renewal	175,526	2,633	172,893
Village of Rosepine (.5%) 2011	87,763	1,316	86,447
	<u>263,289</u>	<u>3,949</u>	<u>259,340</u>
Village of New Llano (1.5%)			
Village of New Llano (1%)	414,247	6,214	408,033
Village of New Llano (.5%) 2007	207,123	3,107	204,016
	<u>621,370</u>	<u>9,321</u>	<u>612,049</u>
Town of Hornbeck (1%)	<u>73,564</u>	<u>1,103</u>	<u>72,461</u>
Office of Tourism (3%)	341,459	5,122	336,337
Total	<u>\$ 22,203,145</u>	<u>\$ 333,047</u>	<u>\$ 21,870,098</u>

A total of \$36,683 was billed to these entities for audit fees paid to external auditors. Payments were made from each governmental entity directly to the external sales tax auditor. Governmental entities are billed a collection fee of 1.5%, which is collected by the Sales Tax Custodial Fund and remitted to the School Board.

NOTE 8 - NEW GASB STANDARD In the current year the Vernon Parish Sales Tax Custodial Fund implemented GASB No. 84 – Fiduciary Activities. The principal objective of this statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It improves guidance regarding the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported. The implementation of this standard required that the Sales Tax Custodial Fund present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position for custodial funds. The implementation of this standard required the Sales Tax Custodial Fund to reclassify previously reported agency funds to custodial funds. The Sales Tax Custodial Fund beginning balance was restated by \$154,054 due to the definition of liabilities in GASB 84.

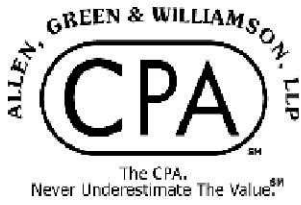
**Vernon Parish Sales Tax Custodial Fund
of the Vernon Parish School Board**

OTHER INFORMATION

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

**Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2021**

The Vernon Parish Sales Tax Custodial Fund is a custodial 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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Ernest L. Allen, CPA
(Retired) 1963 - 2000

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 Custodial 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 financial statements of the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Sales Tax Custodial Fund's basic financial statements, and have issued our report thereon dated December 31, 2021.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Vernon Parish Sales Tax Custodial Fund of the Vernon Parish School Board and do not purport to, and do not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2021, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted 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 statements, we considered the Sales Tax Custodial Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sales Tax Custodial Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sales Tax Custodial 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 statements 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.

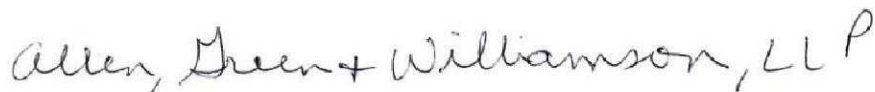
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Custodial Fund's financial statements are 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 31, 2021