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Vernon Parish School Board  
Leesville, Louisiana

Independent Accountants' Report  
on Applying Agreed-Upon Procedures  
For the Period July 1, 1997 to July 20, 1999

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Release Date DEC 15 1999

# ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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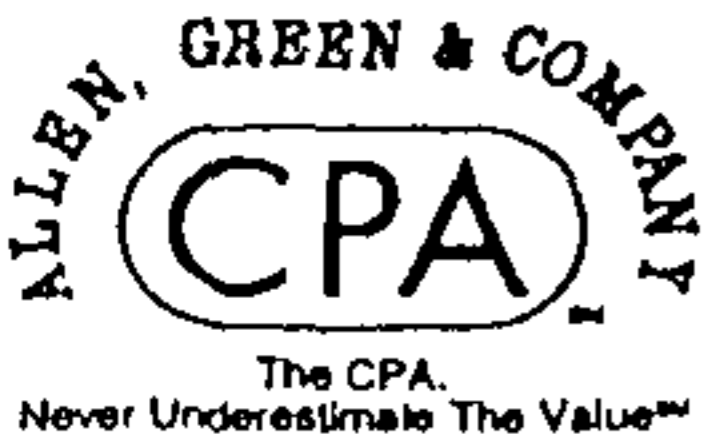
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## Independent Accountants' Report On Applying Agreed-Upon Procedures

### Board Members

Vernon Parish School Board  
 Leesville, Louisiana

We have performed the procedures enumerated below, which were agreed to by Vernon Parish School Board, solely to assist the Vernon Parish School Board in evaluating management's assertion regarding the misappropriation of funds collected by the Vernon Parish Sales and Use Tax Commission. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Vernon Parish School Board. Consequently, we make no representation regarding the sufficiency of the procedures beginning below either for the purpose for which this report has been requested or for any other purpose.

| Procedures | Findings |
|------------|----------|
|------------|----------|

### Deposits

|  |   |
|--|---|
| <p><u>For the period April 1, 1999 through July 20, 1999</u><br/>                     Compare check amount per deposit list (received from the bank) to the total amount reflected on the individual sales tax returns (filed in batches at the Sales Tax Office).</p> <p><u>For the period July 1, 1996 through March 31, 1999</u><br/>                     Compare check amount per deposit list (received from the bank) to the total amount reflected on the individual sales tax returns (filed in batches at the Sales Tax Office) for deposits which included cash.</p> | <p>See Attachment A for a list of sales tax reports for which there appears to be no deposits.</p> <p>See Attachment B for a list of deposits into the checking account for which there are no corresponding sales tax returns.</p> <p>See Attachment A for a list of sales tax reports for which there appears to be no deposits.</p> <p>See Attachment B for a list of deposits into the checking account for which there are no corresponding sales tax returns.</p> |
|--|---|

## VERNON PARISH SALES TAX

Agreed Upon Procedures  
For the Period July 1, 1997 To July 20, 1999  
(Unless Noted Otherwise)

| Procedures | Findings |
|------------|----------|
|------------|----------|

### Installment Agreements

|   |  |
|---|--|
| <p>Inquire of the Sales Tax Office personnel the procedures on handling payment collections on installment agreements established by the Sales Tax Office and note any weaknesses in internal controls.</p> <p>Locate all installment agreements established by the Sales Tax Office.</p> <p>Make copies of all the ledgers included in with the installment agreement papers which reflect payments made and the date of the payments. Thereafter, trace installment payment collections to posting in the posting journals of the Sales Tax Agency.</p> | <p>The sales tax manager was responsible for setting up agreements, collections on the agreements and posting collections to the handwritten ledger sheets.</p> <p>Unable to ascertain that we located all installment agreements established by the sales tax office.</p> <p>Sales tax forms with no corresponding check or cash receipt, as noted below, were added to Attachment A.</p> <p>The following two exceptions were noted in tracing from the handwritten ledgers to posting in the posting journal:</p> <ul style="list-style-type: none"><li>(1) Rosepine Jiffy Mart payment of \$200.00 on 6/8/97 could not be traced to posting.</li><li>(2) A payment of \$1,302.86 was posted in the posting journal to Clearview Glass but was recorded on the handwritten payment log as \$651.43.</li></ul> |
|---|--|

### NSF Checks

|  |  |
|--|--|
| <p>Review procedures for handling NSF check payments from vendors and obtain the general ledger history for the NSF account posted on the Vernon Parish School Board's general fund.</p> <p>Attempt to trace items from the list to subsequent collection and deposit into the bank account.</p> | <p>Discrepancies were found on the deposits that included NSF checks and regular sales tax deposits that included both cash and checks. These discrepancies were noted in reconciliations of cash batches. See Attachment A.</p> |
|--|--|

## VERNON PARISH SALES TAX

Agreed Upon Procedures  
For the Period July 1, 1997 To July 20, 1999  
(Unless Noted Otherwise)

| Procedures | Findings |
|------------|----------|
|------------|----------|

### Cash Receipt Books

|  |  |
|--|--|
| <p>Request all cash receipts books.</p> <p>Compare cash receipts to sales tax return in deposit batches.</p> <p>Trace cash receipts to depositing into the bank account.</p> | <p>This procedure could not be performed for one June 1997 deposit because the bank's microfiche was unreadable.</p> <p>Discrepancies have been noted on Attachment A.</p> |
|--|--|

### Envelope Found in Sales Tax Manager's Office

|  |   |
|--|---|
| <p>Verify that sales tax reports, letters and copies of check stubs found in an envelope in the sales tax manager's office were recorded in books of Sales Tax Office for the fiscal years 1998-1999 and 1997-1998.</p> <p>Trace amounts per the above-mentioned reports to actual deposits.</p> | <p>None of the items found in the envelope were recorded on the books.</p> <p>The following three items could not be traced to a deposit:</p> <p>Payment for \$1,379.00 from Associated Rentals in September 1996;</p> <p>Payment for \$993.06 from Casper Equipment Rentals in December 1997; and</p> <p>A cash receipt for \$27.65 from Ellis Canady Fireworks.</p> |
|--|---|

**VERNON PARISH SALES TAX**

**Agreed Upon Procedures  
For the Period July 1, 1997 To July 20, 1999  
(Unless Noted Otherwise)**

| Procedures | Findings |
|------------|----------|
|------------|----------|

**Mayor's Concern Regarding Clearview Glass**

|  |  |
|--|--|
| <p>The Mayor of the Town of Leesville expressed concern that the sales tax department did not prudently handle the collection of Clearview Glass, who has since filed bankruptcy. Review the file for Clearview Glass and perform the following:</p> <p>Were the proper number of delinquency notices sent?</p> <p>Were delinquency notices sent timely?</p> <p>Were there other collections efforts made?</p> <p>Were the services of the District Attorney ever requested concerning the account?</p> <p>The Sales Tax Office practice for requesting the District Attorney's assistance is in the 7th month of an account's delinquency. Did the Sales Tax Office follow this practice regarding Clearview Glass?</p> <p>Were there any payments on the account during recent times?</p> <p>Attempt to establish when the account became delinquent for:<br/>             Filing returns<br/>             Paying on accounts</p> <p>Does the file reflect any indication of preferential treatment for Clearview Glass?</p> | <p>From the files provided, the proper number of delinquency notices were not sent.</p> <p>From the file provided, the delinquency notices were not sent timely.</p> <p>From the file provided, no other collection efforts were made.</p> <p>From the file provided, the services of the District Attorney were not requested.</p> <p>Yes, from the file provided, there was no period of inactivity exceeding six months. The District Attorney's assistance was not required.</p> <p>Yes, the last payment was in May 1999.</p> <p>Reviewed records from November 1995 to May 1999. The account was not current during this time. Payments were being made.</p> <p>The collection practices for Clearview Glass did not appear to be an exception to collection practices applied to delinquent payments for other vendors.</p> |
|--|--|

Board Members  
Vernon Parish School Board  
Leesville, Louisiana

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management and the Board of Vernon Parish School Board and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Allen, Green + Company LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
October 7, 1999

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE | BATCH # | VENDOR                            | AMOUNT   |
|------|---------|-----------------------------------|----------|
| 7/99 | 10      | Sensational Creations             | 76.56    |
| 7/99 | 1       | Whispers                          | 0.93     |
| 6/99 | 15      | Tooties                           | 500.00   |
| 6/99 | 15      | Road Runner                       | 354.46   |
| 6/99 | 15      | J & M Upholstery                  | 625.00   |
| 6/99 | 15      | Deacon's Garage                   | 80.00    |
| 6/99 | 15      | Burn's Auto Repair                | 200.00   |
| 6/99 | 15      | The Bicycle Shop                  | 10.52    |
| 6/99 | 15      | Full Speed Computers              | 500.00   |
| 5/99 | 16      | J & M Upholstery                  | 375.00   |
| 5/99 | 16      | Burns Auto Repair                 | 150.00   |
| 5/99 | 16      | Bassett Auto Repair               | 233.74   |
| 5/99 | 16      | Tooties                           | 600.00   |
| 5/99 | 16      | Road Runner Paint & Body          | 354.46   |
| 5/99 | 16      | Stateline Automotive              | 400.00   |
| 5/99 | 16      | New to You Mall                   | 2.00     |
| 5/99 | 16      | Bassett Auto Repair               | 233.74   |
| 5/99 | 16      | JNR Enterprises                   | 3,216.06 |
| 4/99 | 22      | J & M Upholstery                  | 375.00   |
| 4/99 | 22      | J & M Upholstery                  | 125.00   |
| 4/99 | 22      | Tooties                           | 600.00   |
| 3/99 | 16      | Pat's Kitchen                     | 125.00   |
| 3/99 | 16      | Burn's Auto Repair                | 500.00   |
| 3/99 | 16      | Tooties                           | 600.00   |
| 3/99 | 16      | J & M Upholstery                  | 875.00   |
| 3/99 | 16      | JNR Enterprises                   | 3,000.00 |
| 2/99 | 16      | Details R Us                      | 0.10     |
| 2/99 | 16      | SKAT, Inc.                        | 300.00   |
|      |         | NSF Redeposited-No check in batch |          |
|      |         | NSF Redeposited-No check in batch |          |
|      |         | NSF Redeposited-No check in batch |          |

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE  | BATCH # | VENDOR                   | AMOUNT   |
|-------|---------|--------------------------|----------|
| 2/99  | 16      | TMF, Inc. (Oct.)         | 28.57    |
| 2/99  | 16      | TMF, Inc. (August)       | 19.41    |
| 2/99  | 16      | TMF, Inc. (Sept.)        | 15.88    |
| 2/99  | 16      | Goose Country            | 57.73    |
| 2/99  | 16      | Tooties                  | 600.00   |
| 2/99  | 16      | SKAT, Inc.               | 300.00   |
| 2/99  | 16      | Jim's Crafts & Woodworks | 610.25   |
| 2/99  | 16      | JNR Enterprises          | 3,296.29 |
| 1/99  | 2       | Pat's Unique Interiors   | 65.03    |
| 1/99  | 2       | Pat's Unique Interiors   | 19.34    |
| 1/99  | 2       | Full Speed Computers     | 684.03   |
| 1/99  | 2       | Full Speed Computers     | 800.00   |
| 1/99  | 2       | Access Computers         | 348.24   |
| 1/99  | 2       | Digital                  | 169.23   |
| 1/99  | 24      | Simple Auto Repair       | 147.92   |
| 1/99  | 24      | Tooties                  | 1,000.00 |
| 1/99  | 24      | Jeff's Woodworks         | 25.17    |
| 12/98 | 4       | China Kitchen            | 46.03    |
| 12/98 | 4       | Chris Larkin             | 1.00     |
| 12/98 | 4       | Fotenot's Woodstuff      | 19.00    |
| 12/98 | 4       | Tooties                  | 1,100.00 |
| 12/98 | 4       | Tooties                  | 1,100.00 |
| 12/98 | 4       | SKAT, Inc.               | 600.00   |
| 10/98 | 21      | Paul Darnell             | 205.15   |
| 10/98 | 21      | Thomas Carnival          | 3,062.04 |
| 10/98 | 21      | Plastic Metal - More     | 317.07   |
| 10/98 | 21      | Lee's Beauty Fair        | 180.07   |
| 9/98  | 16      | Tooties                  | 1,100.00 |

NSF Redeposited-No check in batch

NSF Redeposited-No check in batch

NSF Redeposited-No check in batch

NSF Redeposited-No check in batch

NSF Redeposited-No check in batch

NSF Redeposited-No check in batch



VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE | BATCH # | VENDOR                             | AMOUNT                            |
|------|---------|------------------------------------|-----------------------------------|
| 8/98 | 18      | Best Lighting                      | 2,396.31                          |
| 8/98 | 18      | Tooties                            | 674.71                            |
| 8/98 | 18      | Terrific Walls                     | 29.07                             |
| 8/98 | 18      | Lee's Beauty Fair                  | 163.45                            |
| 8/98 | 1       | Burn's Auto Repair                 | 150.00                            |
| 8/98 | 1       | Power Systems Plus                 | 2,091.83                          |
| 8/98 | 1       | Tooties                            | 750.00                            |
| 8/98 | 1       | Texas Ranch                        | 291.67                            |
| 8/98 | 1       | Simple Automotive Repair           | 150.00                            |
| 6/98 | 16      | Full Speed                         | 675.00                            |
| 6/98 | 16      | Tooties                            | 720.00                            |
| 6/98 | 16      | VFW Landing Park (return modified) | 2.19                              |
| 5/98 | 17      | Burns Auto Repair                  | 150.00                            |
| 5/98 | 17      | Consolidated Marketing, Inc.       | 60.56                             |
| 5/98 | 17      | Tooties                            | 720.00                            |
| 4/98 | 21      | Tooties                            | 720.00                            |
| 4/98 | 21      | Perkins Marine                     | 198.20                            |
| 4/98 | 21      | Perkins Marine                     | 42.22                             |
| 4/98 | 21      | Simple Automotive Repair           | 140.00                            |
| 4/98 | 21      | The Potter's House                 | 88.22                             |
| 3/98 | 16      | The Steppin Stone                  | 17.22                             |
| 3/98 | 16      | Tooties                            | 750.00                            |
| 3/98 | 16      | Rockin Robin                       | 560.10                            |
| 3/98 | 16      | Leesville Jewelers                 | 229.01                            |
| 2/98 | 16      | Simple Automotive Repair           | 145.59                            |
| 2/98 | 16      | Tooties                            | 720.00                            |
| 2/98 | 16      | Linda's Gifts & More               | 122.72                            |
| 2/98 | 16      | Pitkin Conoco (return changed)     | 10.00                             |
|      |         |                                    | NSF Redeposited-No check in batch |
|      |         |                                    | NSF Redeposited-No check in batch |
|      |         |                                    | NSF Redeposited-No check in batch |
|      |         |                                    | NSF Redeposited-No check in batch |

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE  | BATCH # | VENDOR                    | AMOUNT   |                                   |
|-------|---------|---------------------------|----------|-----------------------------------|
| 2/98  | 16      | JNR Enterprises           | 2,592.39 | NSF Redeposited-No check in batch |
| 1/98  | 23      | AA Studio, Inc.           | 246.01   |                                   |
| 1/98  | 23      | Tooties                   | 720.00   |                                   |
| 1/98  | 23      | Stateline Auto            | 200.00   |                                   |
| 1/98  | 23      | Tooties                   | 720.00   |                                   |
| 11/97 | 13      | Tooties                   | 719.47   |                                   |
| 11/97 | 13      | G Q Fashions              | 311.47   | NSF Redeposited-No check in batch |
| 11/97 | 13      | Anthony's Grill           | 356.55   | NSF Redeposited-No check in batch |
| 10/97 | 2       | Tooties                   | 719.47   |                                   |
| 10/97 | 22      | Reeks Oil Tools           | 270.58   |                                   |
| 10/97 | 22      | JNR Enterprises           | 3,061.62 | NSF Redeposited-No check in batch |
| 9/97  | 16      | Tooties                   | 700.00   |                                   |
| 9/97  | 16      | Acadiana Audio Visual     | 46.22    |                                   |
| 9/97  | 16      | Southern Structures, Inc. | 0.54     |                                   |
| 9/97  | 16      | Premier Video             | 53.37    | NSF Redeposited-No check in batch |
| 9/97  | 16      | Premier Video             | 381.78   | NSF Redeposited-No check in batch |
| 9/97  | 16      | JNR Enterprises           | 3,237.08 | NSF Redeposited-No check in batch |
| 9/97  | 16      | Premier Video             | 284.44   | NSF Redeposited-No check in batch |
| 9/97  | 16      | Premier Video             | 39.00    | NSF Redeposited-No check in batch |
| 7/97  | 24      | Kar Salon                 | 7.47     |                                   |
| 7/97  | 24      | Kar Salon                 | 91.98    |                                   |
| 7/97  | 24      | Kar Salon                 | 92.00    |                                   |
| 7/97  | 24      | Tooties                   | 200.48   |                                   |
| 7/97  | 24      | Amerigas Propane          | 274.62   |                                   |
| 7/97  | 24      | Premier Video             | 308.36   | NSF Redeposited-No check in batch |
| 5/97  | 11      | Kar Salon                 | 91.98    |                                   |
| 5/97  | 11      | Tooties                   | 645.00   |                                   |
| 5/97  | 11      | Premiere Video            | 467.60   | NSF Redeposited-No check in batch |

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE | BATCH # | VENDOR                         | AMOUNT   |                                   |
|------|---------|--------------------------------|----------|-----------------------------------|
| 5/97 | 11      | Simple Auto                    | 249.44   | NSF Redeposited-No check in batch |
| 4/97 | 21      | Rent It Company, Inc.          | 518.56   |                                   |
| 4/97 | 21      | Wise Care                      | 7.44     |                                   |
| 4/97 | 21      | Tooties                        | 550.00   |                                   |
| 4/97 | 21      | Tooties                        | 643.50   |                                   |
| 4/97 | 21      | JNR                            | 2,688.70 | NSF Redeposited-No check in batch |
| 4/97 | 21      | Harris                         | 247.94   | NSF Redeposited-No check in batch |
| 4/97 | 21      | Southern Village               | 3.20     | NSF Redeposited-No check in batch |
| 3/97 | 14      | Deacon's Garage                | 406.55   |                                   |
| 3/97 | 14      | Deacon's Garage                | 97.06    |                                   |
| 3/97 | 14      | Deacon's Garage                | 98.60    |                                   |
| 3/97 | 14      | Deacon's Garage                | 125.38   |                                   |
| 3/97 | 14      | Deacon's Garage                | 118.13   |                                   |
| 3/97 | 14      | The Alley Cat                  | 154.09   |                                   |
| 3/97 | 14      | Evan's Catering Cafe           | 5.83     |                                   |
| 3/97 | 14      | Evan's Catering Cafe           | 9.48     |                                   |
| 3/97 | 14      | Johnsonville Store             | 162.51   |                                   |
| 3/97 | 14      | Johnsonville Store             | 163.38   |                                   |
| 3/97 | 14      | Johnsonville Store             | 197.94   |                                   |
| 3/97 | 14      | Leesville Jewelers             | 96.00    |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 125.45   |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 0.03     |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 57.63    |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 37.64    |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 116.27   |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 42.93    |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 35.17    |                                   |
| 2/97 | 16      | Horn's Gift Shoppe & Furniture | 389.32   |                                   |

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE  | BATCH # | VENDOR                       | AMOUNT   |
|-------|---------|------------------------------|----------|
| 2/97  | 16      | National Sales & Equipment   | 93.30    |
| 2/97  | 16      | Tooties                      | 643.50   |
| 2/97  | 16      | Premier Video                | 352.24   |
| 2/97  | 16      | Toontown                     | 149.80   |
| 1/97  | 22      | Tooties                      | 643.50   |
| 1/97  | 22      | Rockin Robins                | 681.04   |
| 1/97  | 22      | Tune Town                    | 218.43   |
| 1/97  | 22      | Lee's Beauty Fair            | 179.24   |
| 1/97  | 22      | Lee's Beauty Fair            | 128.03   |
| 1/97  | 22      | AGS                          | 453.35   |
| 12/96 | 17      | Malcolm L. Murray - Murray's | 90.50    |
| 12/96 | 17      | Malcolm L. Murray - Murray's | 62.79    |
| 12/96 | 17      | Malcolm L. Murray - Murray's | 117.46   |
| 12/96 | 17      | Malcolm L. Murray - Murray's | 192.75   |
| 12/96 | 17      | Pearl's Cottage              | 99.32    |
| 12/96 | 2       | Tooties                      | 643.50   |
| 12/96 | 2       | Yellow Rose                  | 140.30   |
| 12/96 | 2       | Leesville Motor Sports       | 100.00   |
| 12/96 | 2       | Baker Mud Products           | 1,041.10 |
| 12/96 | 2       | Tooties                      | 643.50   |
| 12/96 | 2       | Leesville Beauty Fair        | 205.08   |
| 9/96  | 16      | Leesville Motor Sports       | 500.00   |
| 9/96  | 16      | Rosepine Jiffy Mart          | 95.22    |
| 9/96  | 16      | Tooties                      | 200.04   |
| 9/96  | 16      | Tooties                      | 500.00   |
| 9/96  | 16      | Kirkland Drilling Tools      | 844.30   |
| 8/96  | 15      | SMR Enterprises              | 250.00   |
| 8/96  | 15      | Tooties                      | 400.00   |

**VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A**

| <b>DATE</b> | <b>BATCH #</b> | <b>VENDOR</b>  | <b>AMOUNT</b> |
|-------------|----------------|--|---------------|
| 8/96        | 15             | JNR Enterprises  | 750.00        |
| 8/96        | 15             | Heberts Furniture Inc.   | 112.76        |
| 8/96        | 15             | Pearl of the Orient  | 109.17        |
| 7/96        | 21             | Sub-Jammers  | 50.00         |
| 7/96        | 21             | Sub-Jammers  | 71.60         |
| 7/96        | 21             | SMR Enterprises  | 250.00        |
| 7/96        | 21             | Tooties  | 200.00        |
| 7/96        | 21             | Tex True Value   | 200.00        |
| 7/96        | 21             | JNR Enterprises  | 750.00        |
| 7/96        | 21             | Rockin Robin   | 365.71        |
| 7/96        | 21             | Leesville Motor Sports Park  | 500.00        |
| 7/96        | 21             | Subway   | 808.20        |
| 7/96        | 21             | Subway   | 799.80        |
|             |                |  |               |
|             |                | Total sales tax forms with no check in deposit or cash receipt     | 81,921.27     |
|             |                |  |               |
|             |                | Differences in cash on bank statement and cash receipts identified |               |
| 6/99        | 15             | Deposit 874.34; cash receipts 858.65                               | (15.69)       |
| 5/99        | 16             | Deposit 1288.00; cash receipts 1283.92                             | (4.08)        |
| 4/99        | 22             | Deposit 2887.71; cash receipts 2883.99                             | (3.72)        |
| 3/99        | 16             | Deposit 1350.97; cash receipts 1095.87                             | (255.10)      |
| 2/99        | 16             | Deposit 650.00; cash receipts 527.99                               | (122.01)      |
| 1/99        | 2              | Deposit 1042.20; cash receipts 1032.77                             | (9.43)        |
| 12/98       | 4              | Deposit 1014.20; cash receipts 732.30                              | (281.90)      |
| 10/98       | 21             | Deposit 1054.17; cash receipts 1231.66                             | 177.49        |
| 9/98        | 16             | Deposit 747.12; cash receipts 744.63                               | (2.49)        |
| 6/98        | 16             | Deposit 2829.15; cash receipts 2419.84                             | (409.31)      |

VERNON SALES TAX FORMS RECORDED IN THE BOOKS OF VERNON SALES  
TAX AGENCY WITH NO CORRESPONDING DEPOSIT INTO THE BANK ACCOUNT  
ATTACHMENT A

| DATE  | BATCH # | VENDOR                                     | AMOUNT   |
|-------|---------|--|----------|
| 2/98  | 16      | Deposit 1407.59; cash receipts 1306.59     | (101.00) |
| 11/97 | 13      | Deposit 960.03; cash receipts 957.10       | (2.93)   |
| 10/97 | 2       | Deposit 3622.72; cash receipts 3334.94     | (287.78) |
| 10/97 | 22      | Deposit was 1 cent more than cash receipts | (0.01)   |
| 9/97  | 16      | Deposit 1489.22; cash receipts 726.68      | (762.54) |
| 7/97  | 24      | Deposit 1421.74; cash receipts 1434.21     | 12.47    |
| 5/97  | 11      | Deposit 2466.47; cash receipts 2362.94     | (103.53) |
| 3/97  | 14      | Deposit 1383.66; cash receipts 1405.47     | 21.81    |
| 1/97  | 22      | Deposit 699.59; cash receipts 570.60       | (128.99) |
| 12/96 | 2       | Deposit 1256.05; cash receipts 1253.83     | (2.22)   |
| 12/96 | 2       | Deposit out of balance with batch          | 7.56     |
| 9/96  | 16      | Deposit 496.47; cash receipts 501.25       | 4.78     |
| 8/96  | 15      | Deposit out of balance with batch          | 52.50    |
| 8/96  | 15      | Deposit 743.80; cash receipt 711.10        | (32.70)  |
| 7/96  | 21      | Deposit 792.20; cash receipt 758.48        | (33.72)  |

Total forms missing checks less cash deposits 79,638.73

VERNON SALES TAX  
 CHECKS DEPOSITED INTO THE BANK ACCOUNT WITH NO CORRESPONDING TAX FORM  
 RECORDED IN THE BOOKS OF THE VERNON SALES TAX AGENCY  
 ATTACHMENT B

| DATE  | BATCH # | VENDOR                               | AMOUNT   |                                     |
|-------|---------|--------------------------------------|----------|-------------------------------------|
| 7/99  | 10      | The Cato Corporation                 | 5,435.06 |                                     |
| 6/99  | 15      | McAda Drilling                       | 5,305.04 |                                     |
| 6/99  | 15      | Horizontal Drilling International    | 8,000.00 | 6/99 check on audit (Gary Lambert)  |
| 3/99  | 16      | J & M Upholstery                     | 200.00   |                                     |
| 1/99  | 24      | Lennox Industries                    | 2,380.89 | 1/99 check no return recorded       |
| 1/99  | 24      | Temple-Inland                        | 3,069.88 | 12/98 check no return recorded      |
| 1/99  | 24      | Ford Motor Company                   | 382.89   | 1/99 check no return recorded       |
| 10/98 | 21      | Wright Building Systems              | 940.00   | 10/98 return not recorded           |
| 10/98 | 21      | Kodiak Pipe Rental                   | 2,799.68 | 9/98 return not recorded            |
| 10/98 | 21      | Weiker Engineering                   | 933.37   | 9/98 return not recorded            |
| 9/98  | 16      | K. M. Land Cattle (William K. Moore) | 366.28   | 9/98 return not recorded            |
| 8/98  | 18      | Nortel                               | 3,263.54 | 7/98 return not recorded            |
| 8/98  | 1       | U. S. Filter                         | 3,433.50 | 6/98 return not recorded            |
| 6/98  | 16      | Service Communications               | 40.01    | 5/98 return not recorded            |
| 6/98  | 16      | Cherokee Services                    | 685.47   | 5/98 return not recorded            |
| 6/98  | 16      | BankVest Capital Corp                | 262.40   | 5/98 return not recorded            |
| 5/98  | 17      | Joel Simmons                         | 227.50   | 5/98 boat registration not recorded |
| 5/98  | 17      | Consolidated Systems                 | 245.13   | 4/98 return not recorded            |
| 5/98  | 17      | Cleaning Systems of LA.              | 457.93   | 4/98 return not recorded            |
| 4/98  | 21      | Trek, Inc.                           | 770.50   | 3/98 return not recorded            |
| 4/98  | 21      | Specialty Sand Co                    | 418.14   | 3/98 return not recorded            |
| 3/98  | 16      | Pitney Bowes Credit Corp             | 1,446.08 | Audit not recorded (Gary Lambert)   |
| 3/98  | 16      | ProfitStar                           | 110.25   | 2/98 return not recorded            |
| 2/98  | 16      | Kimball International                | 260.12   | 1/98 return not recorded            |
| 2/98  | 16      | Roofing Supply of Alexandria         | 318.03   | 1/98 return not recorded            |
| 2/98  | 16      | Tulsa Rig Iron                       | 1,773.24 | 1/98 return not recorded            |
| 2/98  | 16      | Casper Equipment Rentals             | 1,138.31 | 1/98 return not recorded            |
| 1/98  | 23      | Horton Construction Company          | 811.28   | 10/97 return not recorded           |
| 1/98  | 23      | Interstate Brands Corp               | 1,074.73 | 12/97 return not recorded           |

VERNON SALES TAX  
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 ATTACHMENT B

| DATE  | BATCH # | VENDOR                                   | AMOUNT   |                           |
|-------|---------|--|----------|---------------------------|
| 11/97 | 13      | Jasper Equipment Co.                     | 1,384.56 | 11/97 return not recorded |
| 10/97 | 2       | Summer's Group                           | 431.69   | 8/97 return not recorded  |
| 10/97 | 22      | Hibernia                                 | 680.19   | 9/97 return not recorded  |
| 10/97 | 22      | Rig Tools, Inc.                          | 2,652.00 | 9/97 return not recorded  |
| 9/97  | 16      | Enviro Tech                              | 147.22   | 8/97 return not recorded  |
| 9/97  | 16      | Helmerich & Payne International Drilling | 3,832.67 | 8/97 return not recorded  |
| 7/97  | 24      | Dave's Fireworks                         | 381.64   | 6/97 return not recorded  |
| 7/97  | 24      | Dishman & Bennett Specialty Co.          | 506.39   | 6/97 return not recorded  |
| 7/97  | 24      | Joyce Dorsey                             | 99.35    | 6/97 return not recorded  |
| 5/97  | 11      | Jewel Specialty & Supply Company         | 371.91   | 4/97 return not recorded  |
| 5/97  | 11      | Rent-It Company                          | 518.56   | 4/97 return not recorded  |
| 5/97  | 11      | CMC Southern States Steel Company        | 460.02   | 4/97 return not recorded  |
| 4/97  | 21      | Milcor Oil Tools                         | 508.41   | 3/97 return not recorded  |
| 4/97  | 21      | Antec                                    | 2,803.61 | 3/97 return not recorded  |
| 4/97  | 21      | American Buildings Co.                   | 1,123.36 | 3/97 return not recorded  |
| 4/97  | 21      | Security Link                            | 223.96   | 3/97 return not recorded  |
| 3/97  | 14      | Jostens                                  | 1,291.05 | 2/97 return not recorded  |
| 3/97  | 14      | Jewel Specialty Company                  | 365.71   | 2/97 return not recorded  |
| 2/97  | 16      | Energy Confederation                     | 502.95   | 1/97 return not recorded  |
| 2/97  | 16      | Tublar Sales & Equipment                 | 574.17   | 1/97 return not recorded  |
| 2/97  | 16      | Knight Oil Tools                         | 240.00   | 1/97 return not recorded  |
| 2/97  | 16      | National Service Industries              | 726.16   | 1/97 return not recorded  |
| 1/97  | 22      | Rig Tools                                | 487.92   | 12/96 return not recorded |
| 1/97  | 22      | Justiss Oil Company                      | 234.96   | 12/96 return not recorded |
| 1/97  | 22      | Soloco                                   | 309.13   | 12/96 return not recorded |
| 1/97  | 22      | Unisource                                | 222.27   | 12/96 return not recorded |
| 1/97  | 22      | Shaffer                                  | 267.34   | 12/96 return not recorded |
| 1/97  | 22      | Milcor Oil Tools                         | 652.98   | 12/96 return not recorded |



VERNON SALES TAX  
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 ATTACHMENT B

| DATE  | BATCH # | VENDOR                          | AMOUNT   |                           |
|-------|---------|---------------------------------|----------|---------------------------|
| 12/96 | 17      | Iggesund Tools                  | 163.68   | 11/96 return not recorded |
| 12/96 | 17      | Gammaloy Holdings               | 256.79   | 11/96 return not recorded |
| 12/96 | 17      | Premier Designs                 | 142.35   | 11/96 return not recorded |
| 12/96 | 2       | American Building Company       | 290.17   | 11/96 return not recorded |
| 12/96 | 2       | Del Corporation                 | 697.46   | 11/96 return not recorded |
| 12/96 | 2       | Joe Banks Drywall & Acoustics   | 1,436.79 | 11/96 return not recorded |
| 12/96 | 2       | P.S. Prestress, Inc.            | 46.64    | 11/96 return not recorded |
| 12/96 | 2       | Knight Oil Tools                | 307.76   | 11/96 return not recorded |
| 9/96  | 16      | Francis Drilling Fluids         | 1,872.41 | 8/96 return not recorded  |
| 9/96  | 16      | Physicians Sales & Service      | 68.58    | 8/96 return not recorded  |
| 9/96  | 16      | Magnum Rig Quarters, Inc.       | 69.12    | 8/96 return not recorded  |
| 9/96  | 16      | Malloy's Cash Register Co.      | 134.23   | 8/96 return not recorded  |
| 8/96  | 15      | Taylor Service Company          | 910.00   | 7/96 return not recorded  |
| 8/96  | 15      | Howell Furniture, Inc.          | 105.53   | 7/96 return not recorded  |
| 8/96  | 15      | Nova Biomedical                 | 163.60   | 7/96 return not recorded  |
| 8/96  | 15      | Mayer Electric Supply Co., Inc. | 462.60   | 7/96 return not recorded  |
| 7/96  | 21      | Jimmy March - Subway            | 379.80   | 6/96 return not recorded  |
| 7/96  | 21      | Jimmy March - Subway            | 299.70   | 6/96 return not recorded  |
| 7/96  | 21      | Jimmy March - Subway            | 500.00   | 6/96 return not recorded  |
| 7/96  | 21      | AH&T Assoc., Inc.               | 856.29   | 6/96 return not recorded  |
| 7/96  | 21      | Jimmy March - Subway            | 50.00    | 6/96 return not recorded  |
| 7/96  | 21      | Jimmy March - Subway            | 500.00   | 6/96 return not recorded  |
| 7/96  | 21      | Kinsel Chrysler Plymouth        | 422.01   | 6/96 return not recorded  |
| 7/96  | 21      | Petroleum Automations           | 191.30   | 6/96 return not recorded  |
| 7/96  | 21      | Riverside Roofing Materials     | 464.40   | 6/96 return not recorded  |
| 7/96  | 21      | Standard Corp.                  | 298.09   | 6/96 return not recorded  |

79,638.73

Total checks deposited with no sales tax form



**President**  
Alvin C. "Chuck" Dowden, Jr.

**Superintendent**  
Richard A. Schwartz

**Vice-President**  
W. W. "Bill" Parker

## Vernon Parish School Board

201 Belview Road  
LEESVILLE, LOUISIANA 71446  
(318) 239-3401  
Fax (318) 238-5777

### BOARD MEMBERS:

District One  
R. W. "Dickie" Bailes  
Gerald Burns  
A. C. "Chuck" Dowden, Jr.  
M. Gene Haymon  
C. A. Hughes  
Kim Reese  
Mark H. Smith  
Linda West  
Betty Westerchil

District Two  
W. W. "Bill" Parker

District Three  
Willis A. Farris

District Four  
Murphy O'Banion

District Five  
B. R. Harvey

District Six  
Philip L. Gunn

District Seven  
Bernard McKee

December 3, 1999

Members of the Board  
Vernon Parish School Board  
Leesville, Louisiana

RE: Vernon Sales Tax  
Agreed-Upon Procedures Engagement

Dear Members of the Board:

Per the request of Management and with the approval of the Board, the School Board entered into a contract with Allen, Green & Company, LLP, Certified Public Accountants to perform an agreed-upon procedures engagement regarding the potential misappropriation of funds in the sales tax department. Allen, Green & Company, LLP has completed one of the two reports. Their first report covers the period July 1, 1996 through July 20, 1999. Their second forthcoming report covers the period prior to July 1, 1996.

Their engagement agreement is a three-party contract including Daniel G. Kyle, Ph.D., CPA, CFE, Louisiana Legislative Auditor. Dr. Kyle has requested that the School Board respond to the findings in the recently issued report of Allen, Green & Company, LLP. Accordingly, we have the following comments:

The Board and Management of the School Board has aggressively pursued the investigation of the potential misappropriation of funds since we were made aware of the situation.

Within hours of Management being notified of the possible misappropriation, (1) the District Attorney of Vernon Parish was notified, (2) arrangements were made with our external auditors to investigate the matter, (3) a formal interview was held with the sales tax manager, (4) the insurance bonding company was notified, (5) the Legislative Auditor's Office was notified and (6) the Members of the Board were briefed.

The sales tax manager was immediately suspended with pay pending the outcome of the investigation. Within a few days of the suspension, the sales tax manager resigned.

From the start the Board's position has been that a thorough investigation be conducted and possible restitution for any misappropriation be pursued vigorously and to the fullest extent permitted by law.

Soon after the incident surfaced, the director of finance implemented a policy that the sales tax department no longer accepted cash payments. All vendor payments must be by personal or business check, money order or cashier's check. Posters informing the public of the new policy were placed in prominent places, including on the door entrance to the sales tax department.

"An Equal Opportunity Employer"

Board Members  
Vernon Parish School Board  
Lecsville, Louisiana

The sales tax manager's position was abolished and direct supervision of the sales tax department was placed under the director of finance.

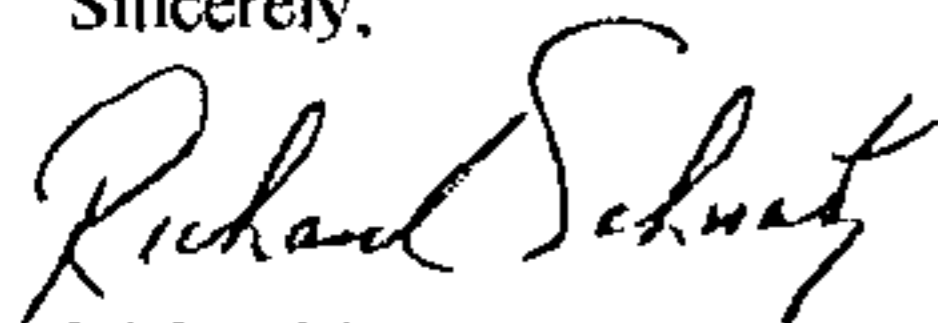
Soon after the incident surfaced, other governments in Vernon Parish that levy sales tax were notified. Later, a meeting was held with all taxing governments to brief them on the situation.

Due to the period of time the potential misappropriations occurred, two insurance carriers had employee fidelity policies during the time period. A claim has been filed with the insurance carrier that the proposed misappropriation has been determined. As soon as the second agreed-upon procedures report is issued by Allen, Green & Company, LLP, a claim will be filed with the other insurance carrier.

The first report of Allen, Green & Company, LLP, has been submitted to the District Attorney of Vernon Parish.

The School Board will continue its aggressive position of investigating and seeking restitution of any misappropriated funds.

Sincerely,



Richard Schwartz  
Superintendent