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**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Bossier, Louisiana**

**Financial Statements
and
Independent Auditors' Report
As of and for the Year Ended June 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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: ~~DEC 3 0 1998~~ ----

Vermont Parish Tax Agency Fund
Of the Vermont Parish School Board
Louisville, Louisiana

Financial Statements and Independent Auditors' Report
As of and for the Year Ended June 30, 1998

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Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Lakeville, Louisiana

Statement A

Statement of Assets and Liabilities
June 30, 1998

ASSETS

Cash	None
Total Assets	None

LIABILITIES

Deposits due others	None
Total Liabilities	None

Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Levellie, Louisiana

Statement B

Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 1998

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
ASSETS				
Cash	\$.....-	\$15,420,438	\$15,420,438	\$.....-
LIABILITIES				
Deposits due others	\$.....-	\$15,420,438	\$15,420,438	\$.....-

**Vermont Parish Tax Agency Fund
Of the Vermont Parish School Board
Louisville, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 1993**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vermont Parish Tax Agency Fund has been formed under joint agreement of the Vermont Parish School Board, the Vermont Parish Police Jury, the City of Leesville, the Town of New Llano, the Town of Roscoff and the Town of Blaineville for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 13:2544.

A. REPORTING ENTITY

For financial reporting purposes, in conformance with GASB Statement No. 14, the Vermont Parish Tax Agency Fund is an agency fund of the Vermont 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 Vermont Parish School Board in conformity with generally accepted accounting principles. The Vermont Parish Tax Agency Fund is included as part of the general-purpose financial statements of the Vermont 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. 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 — Sales Tax Collection Agency Fund Type

The Vermont 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 established in nature (assets equal liabilities) and does not involve measurement of results of operations.

Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Lafayette, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets used by the tax agency are accounted for in the general fixed asset account group of the Vernon Parish School Board. The tax agency has no long-term obligations at June 30, 1998.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The basis of accounting for an agency fund is the modified 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.

E. BUDGETS

The custodial nature of an agency fund means there is no need to adopt a budgetary accounting system, therefore one has not been adopted.

F. VACATION, SICK LEAVE, AND PENSION PLANS

Employees of the Vernon Parish Tax Agency Fund are employed by the Vernon Parish School Board. The School Board is obligated for leave benefits and contributions to the pension system. Information on leave benefits and pension plans is available in the general-purpose financial statements of the Vernon Parish School Board for the year ended June 30, 1998.

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Lafayette, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 1998**

NOTE 2 - CHANGES IN DEPOSITS AND OTHERS

A summary of changes in deposits and others is as follows:

BALANCE, JULY 1, 1997	\$ -
ADDITIONS:	
Sales tax collections	15,428,000
DEDUCTIONS:	
Taxes distributed to others:	
Vernon Parish School Board	7,503,522
Vernon Parish Police Jury	5,851,854
City of Lafayette	1,352,000
Town of New Lenoir	87,688
Town of Rapides	63,185
Town of Homer	14,881
Total deductions	15,428,000
BALANCE, JUNE 30, 1998	<u>\$ -</u>

NOTE 3 - COMMITMENTS AND CONTINGENCIES

There is presently pending a lawsuit filed against the Vernon Parish Tax Agency and all taxing authorities in the state of Louisiana, for refund of sales tax collected on vehicles purchased out of state and subsequently registered in the state of Louisiana. The Vernon Parish Sales Tax Agency Fund plans to defend the state. At present the potential effect of the suit is undeterminable.

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Loreville, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following is a report on internal control and compliance with laws, regulations, contracts, and grants required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws, regulations, contracts, and grants is, likewise, based solely on the audit of the presented financial statements and programs, where applicable, compliance matters that would be material to the presented financial statements.



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

Board Members

Vernon Parish School Board
Lafayette, Louisiana

We have audited the financial statements of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board as of and for the year ended June 30, 1998, and have issued our report thereon dated August 21, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As discussed in Note 1, the financial statements present only the Vernon Parish Tax Agency Fund of the Vernon Parish School Board and are not intended to present fairly the financial position and results of operation of the Vernon Parish School Board in conformity with generally accepted accounting principles.

Compliance

As part of obtaining reasonable assurance about whether the Vernon Parish Tax Agency Fund of the Vernon Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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.

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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board Members
Vermont Parish School Board
Lacombe, Louisiana

This report is intended for the information of the Board, management, the Vermont Parish Police Jury, the city of Lacombe, the town of New Lamy, the town of Rosiquin, and the town of Hirschbeck. 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
August 27, 1998