

**VERNON PARISH SHERIFF  
(AS EX-OFFICIO PARISH TAX COLLECTOR)  
Leesville, Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1996

**INTRODUCTION**

As provided by Article V, Section 27, of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. As ex-officio parish tax collector of the parish, the sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and sporting licenses.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

Louisiana Revised Statute (LSA-R.S.) 24:517(D) requires the accounts of each parish tax collector to be audited annually. Accordingly, the accompanying financial statements reflect the financial activity of the sheriff related only to the responsibility as ex-officio parish tax collector. Amounts included in these financial statements are also included in the sheriff's annual general purpose financial statements.

**B. BASIS OF ACCOUNTING**

The accounts of the Tax Collector Agency Fund are established to reflect the collections imposed by law, and the distributions pursuant to such law, and unsettled balances due the various tax recipient bodies and others. The accompanying financial statements have been prepared on the cash basis of accounting, with collections recognized when received and distributions recognized when paid.

**C. CASH**

State law authorizes the sheriff to deposit tax collections, in interest bearing accounts, with a bank (fiscal agent) domiciled in the parish where the funds are collected. Further, the sheriff may invest these deposits in certificates of deposit or other investments permitted by law. At June 30, 1996, the book balance totaling \$270,541 is deposited in interest bearing accounts.

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the sheriff has cash (collected bank balances) of \$276,210. These deposits are secured from risk by approximately \$200,000 of federal deposit insurance (GASB Category 1) and \$76,210 of the pledge of bank-owned securities held in the name of the pledging fiscal agent bank in a holding or custodial bank that mutually acceptable to both parties (GASB Category 3).

**VERNON PARISH SHERIFF  
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 Notes to the Financial Statements  
 Continued

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent bank has failed to pay deposited funds upon demand.

**2. STATE REVENUE SHARING FUNDS**

The revenue sharing funds provided by Act 1022 of 1995 were distributed as follows:

Louisiana Department of Agriculture and Forestry	\$1,520
Vernon Parish:	
Assessor's Assessment District	75,338
Law Enforcement District	253,549
Police Jury	397,754
School Board	342,186
West Vernon Water District	10,884
South Vernon Water District	15,039
Pension Funds	21,524
Total	<u>\$1,117,794</u>

**3. TAXES PAID UNDER PROTEST**

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the tax collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the tax collector refunds the amount due, with interest at the rate of 2 per cent per annum from the date the funds were received by the tax collector. The following is a summary of changes in the taxes paid under protest:

Balance, July 1, 1995	\$66,877
Additions:	
Taxes	71,995
Interest	2,755
Settlements to taxing bodies and others	<u>NONE</u>
Balance, June 30, 1996	<u>\$141,627</u>

VERNON PARISH SHERIFF  
Leesville, Louisiana  
TAX COLLECTOR AGENCY FUND

Statement of Assets and Liabilities  
Arising from Cash Transactions  
June 30, 1996

ASSETS

Cash

\$270,541

LIABILITIES

Due to taxing bodies and others

\$270,541

The accompanying notes are an integral part of this statement.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Alexandria, LA 71303  
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**Independent Auditor's Report**

**HONORABLE FRANK A. HOWARD**  
**VERNON PARISH SHERIFF AND**  
**EX-OFFICIO TAX COLLECTOR**  
Leesville, Louisiana

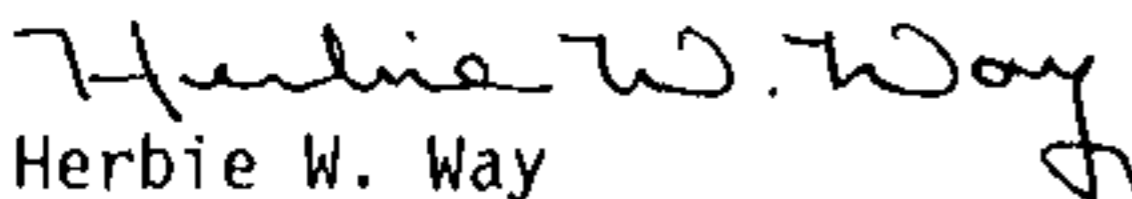
I have audited the financial statements of the Tax Collector Agency Fund of the Vernon Parish Sheriff as of June 30, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of sheriff's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, the Vernon Parish Sheriff is the ex-officio parish tax collector for the various taxing bodies within Vernon Parish, and the accompanying financial statements present information only of the activities of the ex-officio parish tax collector. Further, the accompanying financial statements have been prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Tax Collector Agency Fund of the Vernon Parish Sheriff at June 30, 1996, and the collection and distributions for the year then ended, on the basis of accounting as described in note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 8, 1996, on my consideration of the Vernon Parish Sheriff's internal control structure as it relates to the Tax Collector Agency Fund and a report dated October 8, 1996, on its compliance with laws and regulations.

  
Herbie W. Way  
Alexandria, Louisiana  
October 8, 1996

VERNON PARISH SHERIFF  
(AS EX-OFFICIO PARISH TAX COLLECTOR)  
Leesville, Louisiana

Financial Statements and  
Independent Auditor's Reports  
As of and for the Year Ended June 30, 1996

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**VERNON PARISH SHERIFF  
(AS EX-OFFICIO PARISH TAX COLLECTOR)  
Leesville, Louisiana**

**Financial Statements and  
Independent Auditor's Reports  
As of and for the Year Ended June 30, 1996**

**Under provisions of state law, this  
report is a public document. A  
copy of the report has been submit-  
ted 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 Audi-  
tor and, where appropriate, at the  
office of the parish clerk of court**

**NOV 27 1996**  
Release Date \_\_\_\_\_

**Herbie W. Way**  
Certified Public Accountant



**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**Independent Auditor's Report on Internal Control Structure  
Based Solely on an Audit of the Financial Statements**

HONORABLE FRANK A. HOWARD  
VERNON PARISH SHERIFF AND  
EX-OFFICIO TAX COLLECTOR  
Leesville, Louisiana

I have audited the financial statements of the Tax Collector Agency Fund of the Vernon Parish Sheriff as of June 30, 1996, and for the year then ended and have issued my report thereon dated October 8, 1996.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Vernon Parish Sheriff is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**Independent Auditor's Report on Compliance With Laws and Regulations  
Based Solely on an Audit of the Financial Statements**

HONORABLE FRANK A. HOWARD  
VERNON PARISH SHERIFF AND  
EX-OFFICIO TAX COLLECTOR  
Leesville, Louisiana


I have audited the financial statements of the Tax Collector Agency Fund of the Vernon Parish Sheriff as of June 30, 1996, and for the year then ended and have issued my report thereon dated October 8, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Tax Collector Agency Fund is the responsibility of the Vernon Parish Sheriff's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the sheriff's compliance with certain provisions of laws and regulations. However, my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Vernon Parish Sheriff. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Herbie W. Way  
Alexandria, Louisiana  
October 8, 1996



INDEPENDENT AUDITOR'S REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. These reports are based solely on the audit of the financial statements.

VERNON PARISH SHERIFF AND  
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Internal Control Report (Continued)

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Vernon Parish Sheriff. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Herbie W. Way*  
Herbie W. Way  
Alexandria, Louisiana  
October 8, 1996