

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

**Financial Statement  
June 30, 2020**



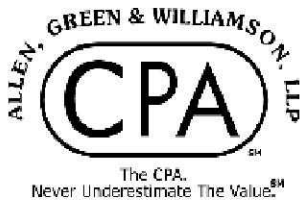
**Vernon Parish Sales Tax Agency Fund  
Of the Vernon Parish School Board**

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

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(Retired) 1963 - 2000

## **Independent Auditor's Report**

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

### **Report on the Financial Statement**

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, 2020, and the related notes to the financial statement, which collectively comprise the Vernon Parish Sales Tax Agency Fund of the Vernon Parish School Board's basic 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.

### ***Opinion***

In our opinion, the Statement of Fiduciary Assets and Liabilities presents fairly, in all material respects, the respective financial position of the Sales Tax Agency Fund, as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statement of the Vernon Parish Sales Tax Agency Fund is intended to present the financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish School Board that is attributable to the Vernon Parish Sales Tax Agency, a fiduciary fund of the Vernon Parish School Board. The statement does not purport to, and does not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2020 and 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 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 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 March 31, 2021 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*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2021

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

**Statement of Fiduciary Assets and Liabilities  
June 30, 2020**

**Statement A**

ASSETS

Accounts Receivable, net	\$ 3,511,385
Cash, Restricted - paid under protest	<u>154,053</u>
Total Assets	<u><u>\$ 3,665,438</u></u>

LIABILITIES

Deposits due others	\$ 3,511,385
Taxes paid under protest payable with restricted assets	<u>154,053</u>
Total Liabilities	<u><u>\$ 3,665,438</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, 2020**

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**Vernon Parish Sales Tax Agency Fund  
of the Vernon Parish School Board  
Notes to the Financial Statement  
June 30, 2020**

**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 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.

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, 2020**

**NOTE 3 - CHANGES IN DEPOSITS DUE OTHERS** A summary of changes in deposits due others for the year ended June 30, 2020, is as follows:

BALANCE, Beginning	\$ 2,743,876
ADDITIONS:	
Sales tax collections	32,324,107
DEDUCTIONS:	
Collection fees	473,167
Taxes distributed to others:	
Vernon Parish School Board	12,777,392
Vernon Parish Police Jury	9,573,881
Vernon Parish Sheriff Office	3,191,336
City of Leesville	4,565,285
Village of Rosepine	216,819
Village of New Llano	461,008
Town of Hornbeck	50,941
Office of Tourism	246,769
Total deductions	31,556,598
BALANCE, Ending	\$ 3,511,385

**NOTE 4 - COMMITMENTS AND CONTINGENCIES** The Vernon Parish Sales Tax Agency 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 \$3,511,385 represents sales tax collections in July, 2020 for June sales and amounts owed on delinquent accounts. The Sales Tax Agency Fund has \$1,200,619 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 \$154,053 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, 2020**

**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, 2020:

	<u>Gross Amounts</u>	<u>Less Collection Fees</u>	<u>Net Distributions</u>
Vernon Parish School Board (2%)			
School Board (1%) 1973	\$ 6,485,893	\$ 97,197	\$ 6,388,696
School Board (1%) 1991	6,485,893	97,197	6,388,696
	<u>12,971,786</u>	<u>194,394</u>	<u>12,777,392</u>
Vernon Parish Police Jury ( 1.5%)			
Police Jury (1%) 2006	6,479,784	97,198	6,382,586
Police Jury (0.5%) 2006	3,239,892	48,598	3,191,294
	<u>9,719,676</u>	<u>145,796</u>	<u>9,573,880</u>
Vernon Parish Sheriff's Office			
Law Enforcement District (0.5%) 2004	3,239,935	48,599	3,191,336
City of Leesville (1.5%)			
City of Leesville (1%) 2004	3,089,871	46,348	3,043,523
City of Leesville (0.5%) 2004	1,544,936	23,174	1,521,762
	<u>4,634,807</u>	<u>69,522</u>	<u>4,565,285</u>
Village of Rosepine (1.5%)			
Village of Rosepine (1%) 2011 Renewal	146,747	2,201	144,546
Village of Rosepine (.5%) 2011	73,374	1,101	72,273
	<u>220,121</u>	<u>3,302</u>	<u>216,819</u>
Village of New Llano (1.5%)			
Village of New Llano (1%)	312,019	4,680	307,339
Village of New Llano (.5%) 2007	156,010	2,340	153,670
	<u>468,029</u>	<u>7,020</u>	<u>461,009</u>
Town of Hornbeck (1%)	<u>51,717</u>	<u>776</u>	<u>50,941</u>
Tourism (3%)	250,527	3,758	246,769
Total	<u>\$ 31,556,598</u>	<u>\$ 473,167</u>	<u>\$ 31,083,431</u>

A total of \$10,686 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, 2020**

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, 2020, 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 March 31, 2021.

#### Emphasis of Matter

As discussed in Note 1, the financial statement of the Vernon Parish Sales Tax Agency Fund is intended to present the financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernon Parish School Board that is attributable to the Vernon Parish Sales Tax Agency, a fiduciary fund of the Vernon Parish School Board. The statement does not purport to, and does not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2020 and 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 statement, we considered the Sales Tax Agency 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 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 financial statement. 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 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  
March 31, 2021



## Vernon Parish School Board

201 Belview Road  
LEESVILLE, LOUISIANA 71446  
(337) 239-3401  
Fax (337) 238-5777

### Status of Prior Year Findings and Questioned Costs

BOARD MEMBERS:

District One  
Doug Brandon  
Robert Pynes, Jr.  
Jim Seaman  
Jackie Self  
Steve Woods

District Two  
Angie Davis

District Three  
David Detz

District Four  
Randy Martin

District Five  
Shad Stewart

District Six  
Vernon L. Travis, Jr.

District Seven  
John Blankenbaker

District Eight  
Lisa Thompson

**Reference # and title:                      2019-001                      Delinquent Accounts**

**Condition:** The Sales Tax Agency has written procedures for delinquent accounts. The first month, a delinquency letter is mailed to the taxpayer. The second month, a delinquency letter signed by someone with the District Attorney's office is mailed to the taxpayer. Each successive month, this delinquency letter is delivered via regular mail until the assessment procedures begin. Assessment procedures are determined on a case by case basis. If the taxpayer does not respond to the assessment, a notice of intent to assess letter is mailed to the taxpayer. If there is still no response from the taxpayer, the account is turned over to the District Attorney's office.

There are numerous vendors in the parish who have proceeded through this process but still owe sales tax. Some of these vendors are still operating. These delinquent accounts total \$1,202,678 at June 30, 2019. Approximately half of these account balances are set up under repayment agreements that vary significantly in underlying repayment terms.

**Corrective action taken:** Delinquent vendor accounts will be handled more aggressively. We will utilize the Office of Debt Recovery with the State of Louisiana to turn over some of our delinquent accounts for collection. We have also turned over some of these accounts to our sales tax lawyer for litigation. We will also pursue the delinquent accounts through the District Attorney's Office for prosecution. The Assistant Sales Tax Office Manager and the Director of Finance will review the delinquent list on a monthly basis.

**Person responsible for corrective action plan:**

Tim Ward, Executive Director  
Vernon Parish School Board  
201 Belview Rd.  
Leesville, La 71446

**Anticipated completion date:** February 1, 2020

"An Equal Opportunity Employer"