

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

**Financial Statements
June 30, 2007**

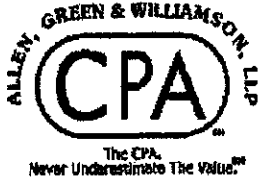
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/2/08

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

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Independent Auditors' Report

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

We have audited the accompanying financial statement of the aggregate remaining fund information of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board as of June 30, 2007, as listed in the table of contents. This financial statement is the responsibility of the Vernon Parish School Board's management. 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement of the Vernon Parish Tax Agency Fund is intended to present the assets and liabilities of only that portion of the aggregate remaining fund information of the reporting entity of the Vernon Parish School Board that is attributable to the transactions of the Vernon Parish Tax Agency Fund. They do not purport to, and do not, present fairly the financial position of the Vernon Parish School Board as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board, as of June 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

The Vernon Parish Tax Agency Fund has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2007, on our consideration of the Vernon Parish Tax Agency Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Allen, Green + Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 11, 2007

Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board

Statement of Fiduciary Assets and Liabilities
June 30, 2007

Statement A

ASSETS

Accounts Receivable	<u>\$2,501,848</u>
Total Assets	<u>2,501,848</u>

LIABILITIES

Deposits due others	<u>2,501,848</u>
Total Liabilities	<u>\$2,501,848</u>

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

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**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Vernon Parish 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.

A. REPORTING ENTITY For financial reporting purposes, in conformance with Governmental Accounting Standards Board's Statement No. 14 The Reporting Entity, the Vernon Parish 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 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 that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Funds are classified into one category, fiduciary. 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 — The Vernon 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 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.

**Vernon Parish Tax Agency Fund
Of the Vernon Parish School Board
Notes to the Financial Statements**

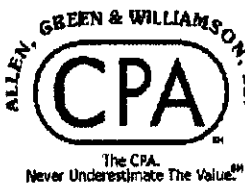
NOTE 2 - CASH The Vernon Parish Tax Agency Fund receives money from various sales tax vendors. These collections are split deposited directly into the bank accounts of the various taxing bodies. Further, the Vernon Parish Tax Agency Fund has no bank or investment accounts in its name.

NOTE 3 - CHANGES IN DEPOSITS DUE OTHERS A summary of changes in deposits due others for the year ended June 30, 2007, is as follows:

BALANCE, Beginning	<u>\$ 2,525,862</u>
ADDITIONS:	
Sales tax collections	<u>23,719,138</u>
DEDUCTIONS:	
Taxes distributed to others:	
Vernon Parish School Board	9,798,921
Vernon Parish Police Jury & Tourism	7,347,989
City of Leesville	3,841,304
Town of New Llano	115,588
Town of Rosepine	83,425
Town of Hornbeck	25,359
Vernon Parish Sheriff Office	2,412,815
Office of Tourism	<u>117,751</u>
Total deductions	<u>\$23,743,152</u>
BALANCE, Ending	<u>\$ 2,501,848</u>

The beginning balance for the sales tax agency fund was restated to report the agency fund on the full accrual basis of accounting.

NOTE 4 - COMMITMENTS AND CONTINGENCIES The Vernon Parish Tax Agency is involved in various litigation. It is the opinion of the legal advisor for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.



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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

Board Members

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

We have audited the financial statement of the Vernon Parish Tax Agency Fund of the Vernon Parish School Board as of June 30, 2007, and have issued our report thereon dated December 11, 2007. 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.

As discussed in Note 1, the financial statement of the Vernon Parish Tax Agency Fund is intended to present the assets and liabilities of only that portion of aggregate remaining fund information of the reporting entity of the Vernon Parish School Board that is attributable to the transactions of the Vernon Parish Tax Agency Fund.

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 as a basis for designing our auditing procedures 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 Vernon Parish Tax Agency Fund of the Vernon Parish School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Vernon Parish Tax Agency fund for the Vernon Parish School Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, and 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 Office, and 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 letter may be limited, under Louisiana Revised Statute 24:513 this letter is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 11, 2007