

Sabine Parish Sales and Use Tax Commission
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004



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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.

Eugene W. Fremaux II

Certified Public Accountant

Release Date 7-13-05

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2004

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

I have audited the accompanying financial statements of the Sabine Parish Sales and Use Tax Commission, Many, Louisiana, as of December 31, 2004 and for the year then ended. These financial statements are the responsibility of the Sabine Parish Sales and Use Tax Commission'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 standards for financial and compliance audits contained in *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.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Sabine Parish Sales and Use Tax Commission, Many, Louisiana, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the basic financial statements, the Sabine Parish Sales and Use Tax Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statement-and Management's Discussion and Analysis-For State and Local Governments* as of January 1, 2004, resulting in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the other required supplementary information on pages 2 and 8, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2005 on my consideration of the Sabine Parish Sales and Use Tax Commission, Many, Louisiana's internal control over financial reporting and my tests on its compliance with certain provision of laws, regulations, and contracts.



EUGENE W. FREMAUX II, CPA
June 28, 2005



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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

This section of the Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

This is the first year that the Commission has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34. Because the new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. In future years a comparative analysis of government-wide data will be presented. In preparing the information summarized below, we have tried to keep in mind the disadvantage created by not presenting comparative information by expanding the narrative with our opinion of the changes from one year to the next.

FINANCIAL HIGHLIGHTS

- ▶ The Commission's tax collections increased by \$1,092,424, or 14%, over collections in 2003.
- ▶ The majority of the increase in collections was due to new and increased sales taxes which became effective in the last half of 2003 and the last quarter of 2004.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- ▶ Management's discussion and analysis
- ▶ Basic financial statements
- ▶ Supplementary information

The basic financial statements include all of the funds of the Commission. All of the funds of the Commission can be grouped into one category, fiduciary funds, which are used to account for resources held for the benefit of outside parties, such as other governments. The Commission used its funds to account for sales taxes, which it collects for Sabine Parish governments.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Current assets, and current liabilities increased by \$5,363 to \$19,055, primarily due to an increase in compensated absences payable of \$5,376 during 2004.

ECONOMIC FACTORS

The Commission has no current knowledge of any economic conditions that could have significant adverse effects on sales tax collections or operating expenses during 2005.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Linda Schrock, Administrator, 670 San Antonio Avenue, Many, LA 71449.

**SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004**

ASSETS

Cash	\$17,860
Prepaid expenses	<u>1,195</u>
Total assets	<u>\$19,055</u>

LIABILITIES

Liabilities:	
Accounts payable	\$1,004
Due to taxing bodies and others	10,353
Compensated absences payable	<u>7,698</u>
Total liabilities	<u>19,055</u>

NET ASSETS **\$0**

The accompanying notes are an integral part of these statements.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

(1) Introduction

The Sabine Parish Sales and Use Tax Commission (Commission), Many, Louisiana, was created on June 30, 1992 by the political subdivisions within Sabine Parish for the joint collection, enforcement, and administration of the sales and use taxes levied by these subdivisions. The Commission is managed by a Board of Commissioners composed of: two members appointed by the Sabine Parish Police Jury, two members appointed by the Sabine Parish School Board, one member appointed by the Town of Many, one member appointed by the Town of Zwolle, one member appointed by the Village of Florien, one member appointed by the Village of Pleasant Hill, and one member at large jointly appointed by the other eight commissioners.

The costs of establishing and operating the Commission are shared jointly by the taxing bodies on a pro-rata basis based on the ratio that the taxes collected for each bears to the total taxes collected.

(2) Summary of significant accounting policies

Reporting entity

For financial reporting purposes, the Commission includes all funds and account groups that are within the oversight responsibility of the Commission.

Fund accounting

Financial transactions of the Commission are recorded in an agency fund and an account group. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities which are not recorded in the agency fund because they do not affect net expendable available financial resources.

The Commission uses the following fund type and account groups:

Fiduciary Fund Type

Agency Fund - This fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities.

Account Groups

General Fixed Assets Account Group - This account group is used to account for all fixed assets of the Commission.

General Long-Term Debt Account Group - This group is used to account for noncurrent liabilities.

Basis of accounting

Agency funds are accounted for on the modified accrual basis of accounting. Collections of taxes are recognized when received and expenditures are recognized when the related fund liability is incurred.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(2) Pending litigation

The Commission is not involved in any litigation at December 31, 2004, other than litigation involving taxpayer collection efforts.

(3) Compensated absences

All employees earn 5 - 20 days of annual vacation leave per year depending on length of service with the Commission. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. No more than 10 days can be carried forward to the next year. Annual leave is paid upon termination of employment.

In Governmental Fund types, vacation leave that has been accrued at the end of the year is valued using the employees' current rates of pay, and is included in the General Long-Term Debt Account Group.

(4) Personnel costs

The Commission's employees are paid by the Sabine Parish Police Jury and the Jury is reimbursed by the Commission for the related payroll costs, including fringe benefits.

Substantially all employees of the Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer, public employee retirement system, administered by a board of trustees. Employees of the Commission are members of Plan A. Pertinent information relative to the plan follows:

Plan description - The System is composed of two plans, A and B. Ten years of service is required to become vested for retirement benefits, which are established and amended by state statute. The System issues publicly available financial reports that include financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P O Box 14619, baton Rouge, LA 70898-4619, or by calling 504-928-1361.

Funding Policy - Plan A members are required to contribute 9.5 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate, which is currently 11.75 percent of annual covered payroll. The Commission's employer contributions to the System, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the Commission.

The Commission's contributions to the System for the years ended December 31, 2004, 2003, and 2002 were \$10,256 \$5,447, and \$4,543, respectively, which equals the required contributions for each year.

(5) Cash

All bank deposits are fully secured through federal depository insurance.

(6) Compensation of commissioners

The commissioners received no compensation or per diem during the year ended December 31, 2004.

SABINE PARISH SALES AND USE TAX COMMISSION
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(7) Taxes paid under protest

During the year ended December 31, 2004 no taxes were paid under protest. There were no taxes paid under protest in prior years which remained unsettled as of December 31, 2004.

(8) Changes in Agency Fund Deposits Due Others

A summary of changes in agency fund deposits due others follow:

Balance, beginning of year	\$ <u>10,632</u>
Taxes collected	<u>8,735,674</u>
Distributions:	
School Board	3,287,902
Police Jury	2,191,638
Town of Many	1,061,956
Town of Zwolle	237,138
Village of Converse	19,114
Village of Florien	94,330
Village of Pleasant Hill	21,821
Sabine Parish Law District	717,411
Sabine Parish Tourist Commission	107,423
District Attorney	275,667
Sabine Council on Aging	544,806
Operating expenses	<u>176,468</u>
Total	<u>8,735,953</u>
Balance, end of year	\$ <u>10,353</u>

(9) Changes in Accounting Principles

For the year ended December 31, 2004, the Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statement-and Management's Discussion and Analysis-For State and Local Governments*.

GASB Statement No. 34 creates new basic financial statements for reporting on the Commission's financial activities. The financial statements now include fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements.

OTHER SUPPLEMENTAL INFORMATION

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

I have audited the financial statements of the Sabine Parish Sales and Use Tax Commission, Louisiana, for the year ended December 31, 2004, and have issued my report thereon dated June 28, 2005. I conducted my 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.

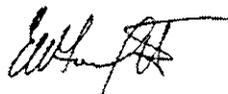
Compliance

As part of obtaining reasonable assurance about whether the Sabine Parish Sales and Use Tax Commission, Louisiana's financial statements are free of material misstatement, I 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 those provision was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Sabine Parish Sales and Use Tax Commission, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 general purpose 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 over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of Sabine Sales and Use Tax Commission, management, and in not intended to by and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.



EUGENE W. FREMAUX II, CPA
June 28, 2005