
ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

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 1/10/09

ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ascension Parish Sales and Use
Tax Authority
Gonzales, Louisiana

We have audited the accompanying financial statement of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 2006, which comprise the Ascension Parish Sales and Use Tax Authority's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the Ascension Parish Sales and Use Tax Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ascension Parish Sales and Use Tax Authority as of June 30, 2006, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2006 on our consideration of Ascension Parish Sales and Use Tax Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 read in conjunction with this report in considering the results of our audit.

October 20, 2006

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

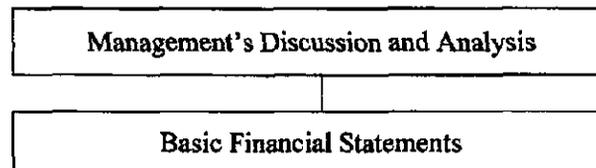
The Management's Discussion and Analysis of the Ascension Parish Sales and Use Tax Authority's financial performance presents a narrative overview and analysis of Ascension Parish Sale and Use Tax Authority's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Ascension Parish Sales and Use Tax Authority's collections increased at the close of fiscal year 2006 by \$14.9 million or 21%.
- ★ Sales tax revenues increased during the year mainly because the parish experienced significant growth from evacuees moving in permanently and temporary due to Hurricane Katrina and Rita. In addition, general retail increased because of the growing number of residents that are spending money within the parish. Also, the opening of the Wal Mart in Donaldsonville increased revenues for West Ascension by over \$500,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Fund financial statements. A fund is grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The Ascension Parish Sales and Use Tax Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Ascension Parish Sales and Use Tax Authority can be divided into one category, fiduciary funds.

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as other governments. The Ascension Parish Sales and Use Tax Authority uses its funds to account for sales taxes and occupational licenses which it collects from governments.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Fiduciary Assets and Liabilities
As of June 30, 2006
(Table 1)

	<u>2006</u>	<u>2005</u>
Total Current Assets	\$ <u>7,901,775</u>	\$ <u>6,407,278</u>
Accounts Payable	308,698	102,729
Other Liabilities	7,591,181	6,302,020
Compensated Absences	<u>1,896</u>	<u>2,529</u>
Total Liabilities	\$ <u>7,901,775</u>	\$ <u>6,407,278</u>

- Total current assets have increased approximately 23% from prior year.
- Due to taxing bodies has increased \$1,289,161 or approximately 20%.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006

Changes in Due to Taxing Entities
 (Table 2)

	<u>2006</u>	<u>2005</u>
Revenues		
Taxes and licenses collected	\$ 85,219,664	\$ 70,346,451
Interest	76,992	32,927
Total revenues	<u>85,296,656</u>	<u>70,379,378</u>
Expenses		
School Board	36,368,555	29,739,061
Parish Council	11,801,114	9,863,604
Drainage District	8,352,848	6,854,317
City of Gonzales	11,439,931	9,145,015
District No. 2	5,455,093	4,527,424
City of Donaldsonville	2,044,594	1,519,791
Hospital District	729,786	578,548
Sorrento	371,335	298,989
Occupational License	1,277,167	1,087,499
Tax Free	11,066	34,870
Operating Expenses	701,192	770,866
Sheriff	5,454,814	4,506,138
Total expenses	<u>84,007,495</u>	<u>68,926,122</u>
Increase in due to taxing entities	<u>\$ 1,289,161</u>	<u>\$ 1,453,256</u>

- Total revenues increased by approximately \$14,917,278 to \$85 million. The increase is due to the sudden growth of permanent and temporary residence in the parish from Hurricanes Katrina and Rita. Also, the increasing growth in the Parish has brought more residents to spend money within the parish.
- Total expenses increased approximately \$15,081,373 or 22 percent. About 98% of expenses are driven by the sales taxes collected. The other 2% consist of operating expenses used by the Sales Tax Authority for services performed by its office. About 66 percent of operating expenses is from salaries paid to employees. Occupational license expense make up 15 percent and the rest is general office expenses needed to run the office.

**CONTACTING THE ASCENSION PARISH SALES AND USE TAX AUTHORITY'S
 MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Mark West, Tax Administrator, Ascension Parish Sales and Use Tax Authority, 915 S. Nickens Avenue, Gonzales, LA 70737.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash equivalents	<u>\$ 7,901,775</u>
<u>LIABILITIES</u>	
Protested tax payments	\$ 308,698
Due to taxing bodies	7,591,181
Compensated absences payable	<u>1,896</u>
Total Liabilities	<u>\$ 7,901,775</u>

The accompanying notes are an integral part of this statement.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Ascension Parish Sales and Use Tax Authority was created October 5, 1989 for the purpose of collecting, administering and distributing the various sales and use taxes levied by entities within Ascension Parish, and the occupational license tax and the hotel/motel tax for the Ascension Parish Council. The Authority is governed by a Board of Directors. The Board is composed of the Chief Administrative Officer (or appointee) for each governing authority of any participating entity having a history of collecting in excess of \$1,000,000 of sales taxes for two consecutive years. As of year end, the Board consisted of a member of the Ascension Sales and Use Tax Authority, Ascension Parish Council, Ascension Parish School Board, the City of Gonzales, and the City of Gonzales.

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

For financial reporting purposes, the Authority includes all funds that are within oversight responsibility of the Authority.

Fiduciary Fund Type:

Agency Fund - The Agency Fund is used to account for assets held by the Ascension Parish Sales and Use Tax Authority in a trustee capacity or as an agent for the taxing authorities at (Note B).

B. Basis of Presentation

Fiduciary Fund Financial Statements: The fund financial statements provide information about the Authorities fund, fiduciary fund. A statement for the fiduciary fund category is presented in the statement. The emphasis of fund financial statements is on major governmental funds, displayed in their own column.

Agency Funds are accounted for on the full accrual basis of accounting. Collections of sales taxes are recognized when received and expenditures are recognized when the related fund liability is incurred, regardless of when the related cash flows take place.

C. Measurement Focus, Basis of Accounting

The fiduciary fund financial statements are reported using the economic resources measurement focus. All fiduciary funds of the Authority follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinion, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

D. Cash and Cash Equivalents

State law authorizes the Ascension Parish Sales and Use Tax Authority to deposit tax collections in a bank domiciled in the parish where the funds are collected. Furthermore, the Ascension Parish Sales and Use Tax Authority may invest these deposits in certificates of deposit or other investments permitted by law.

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

F. Participating Entities

As of June 30, 2006, the Authority collected taxes for the following entities.

1. Ascension Parish Council
2. Ascension Parish School Board
3. Ascension Parish District Number Two
4. City of Gonzales
5. City of Gonzales
6. City of Sorrento
7. East Ascension Drainage District
8. West Ascension Hospital Service District
9. Ascension Parish Sheriff

ASCENSION PARISH SALES AND USE TAX AUTHORITY

Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Employees accrue from 10 to 12 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon death or retirement, unused accumulated sick leave of up to 25 days is paid to employees or their heirs at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination. Upon retirement, accumulated sick leave is used in the retirement benefit computation as earned service.

All employees earn 10 to 20 days of annual vacation leave per year depending on length of service with the Authority.

In Fiduciary Fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expense in the year claimed. Sick leave has been accrued as of the end of the fiscal year and is valued using employees' current rates of pay. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick leave forfeited when employees resign or retire.

2. Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of June 30, 2006, \$6,117,187 of the bank balance was not exposed to custodial credit risk.

3. Taxes Paid Under Protest/Litigation

The Authority has various suits against it involving taxes paid under protest. The amount of taxes paid under protest at June 30, 2006 was \$308,698. The ultimate resolution of these suits cannot be determined.

ASCENSION PARISH SALES AND USE TAX AUTHORITY

Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

4. Changes in Agency Fund Deposits Due Others

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

	<u>June 30, 2006</u>
Balance, beginning of year	<u>\$ 6,302,020</u>
Additions	
Taxes and licenses collected	85,219,664
Interest	<u>76,992</u>
	<u>85,296,656</u>
Reductions	
Taxes paid - School Board	36,368,555
- Parish Council	11,801,114
- Drainage District	8,352,848
- Gonzales	11,439,931
- District No. 2	5,455,093
- Donaldsonville	2,044,594
- Hospital District	729,786
- Sorrento	371,335
- Occupational License	1,277,167
- Tax Free	11,066
- Operating Expenses	701,192
- Sheriff	<u>5,454,814</u>
	<u>84,007,495</u>
Balance, end of year	<u>\$ 7,591,181</u>

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

5. Defined Benefit Pension Plans and Postemployment

Substantially all employees of the Authority are members of Teachers Retirement Systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by a board of trustees. Pertinent information relative to each plan follows:

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 8.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The Authority is required to contribute at an actuarially determined rate. The current rate is 15.9 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirements Systems' Actuarial Committee. The Authority's employer contribution for the TRS, 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 Authority.

The Authority's contributions to the TRS for the years ended June 30, 2006, 2005, and 2004, were \$54,851, \$52,082, and \$44,557, respectively, which equals to the required contributions for each year.



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

Board of Directors
Ascension Parish Sales and Use Tax Authority
Gonzales, Louisiana

We have audited the financial statements of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 2006, which collectively comprise the Ascension Parish Sales and Use Tax Authority's basic financial statements and have issued our report thereon dated October 20, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ascension Parish Sales and Use Tax Authority'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 an opinion 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 reportable 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 misstatement caused by error or fraud 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.

Compliance

As part of obtaining reasonable assurance about whether Ascension Parish Sales and Use Tax Authority'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 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 for the information of the Ascension Parish Sales and Use Tax Authority's Management, Parish Council, federal awarding agencies, and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Matthews

October 20, 2006



ASCENSION PARISH SALES AND USE TAX AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2006

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of Ascension Parish Sales and Use Tax Authority.
2. No reportable conditions noted relating to the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Ascension Parish Sales and Use Tax Authority was disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

ASCENSION PARISH SALES AND USE TAX AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2006

FINDINGS – FINANCIAL STATEMENT AUDIT

AUDIT LAWS

Finding: The Authority's financial statements were not submitted within six months of year end because the CPA firm inadvertently did not to transmit them to the Legislative Auditor.

Criteria: LSA-RS24:513 (5)(a) requires the engagement to be completed within six months of the close of the entity's fiscal year.