
ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003



Postlethwaite & Netterville

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ASCENSION PARISH SALES AND USE TAX AUTHORITY

GONZALES, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose 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 general purpose 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 financial position of the Ascension Parish Sales and Use Tax Authority as of June 30, 2003, 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 6 to the basic financial statements, the Ascension Parish Sales and Use Tax Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*; Statement No. 37, *Basic Financial Statements-For State and State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Funds Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 3 and 4 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 November 14, 2003 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 grants. 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.

Peottharath & Nettwell

November 14, 2003

ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2003

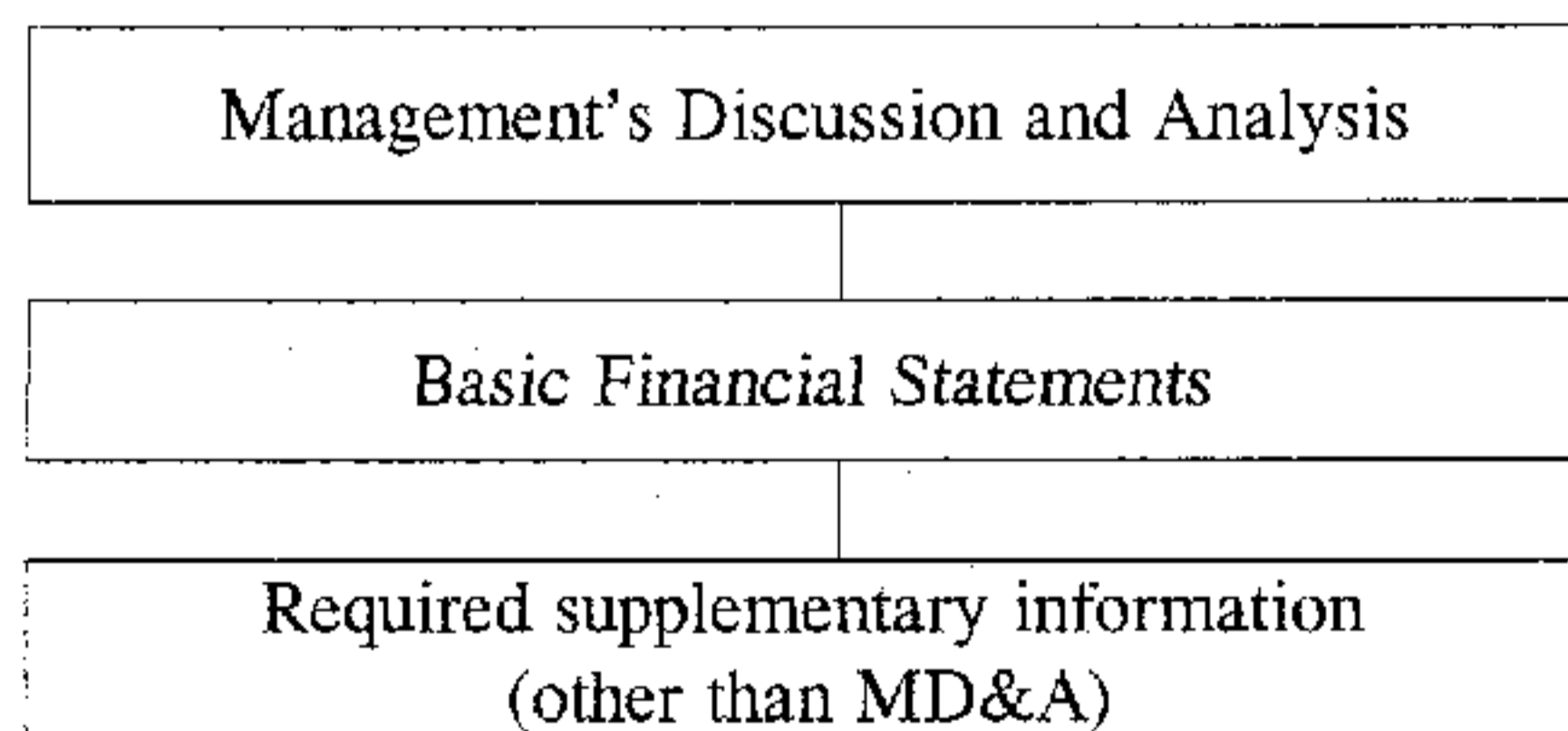
The Management's Discussion and Analysis of the Ascension Parish Sales and Use Tax Authority's financial performance presents a narrative overview and analysis of Ascension Parish Sale and Use Tax Authority's financial activities for the year ended June 30, 2003. This document focuses on the current 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 decreased at the close of fiscal year 2003 by \$8,183,559.
- ★ Sales tax revenues dropped during the year mainly because of the closing and reductions at the petrochemical plants.

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, 2003

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 Net Assets
As of June 30, 2003

Total Current Assets	\$ <u>5,517,276</u>
Accounts Payable	144,635
Other Liabilities	5,371,500
Compensated Absences	<u>1,141</u>
Total Liabilities	\$ <u>5,517,276</u>
Total Net Assets	\$ <u>-</u>

- Total current assets have decreased approximately 6% from prior year.
- Other liabilities have decreased \$307,461 on account of the amount due to other taxing bodies decreasing by approximately 6%.

ASCENSION PARISH SALES AND USE TAX AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2003

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash equivalents	\$ <u>5,517,276</u>
 <u>LIABILITIES</u>	
Protested tax payments	144,635
Due to taxing bodies	5,371,500
Compensated absences payable	<u>1,141</u>
 Total Liabilities	 <u>5,517,276</u>

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 and account groups that are within oversight responsibility of the Authority.

B. Fund Accounting

The financial transactions of the Ascension Parish Sales and Use Tax Authority are recorded in an agency fund and an account group. The operations of the agency fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities which are not recorded in the fund because they do not affect net expendable available financial resources.

The Ascension Parish Sales and Use Tax Authority uses the following fund type and account groups:

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 C).

Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for all fixed assets of the Ascension Parish Sales and Use Tax Authority.

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



ASCENSION PARISH SALES AND USE TAX AUTHORITY
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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

C. Basis of Accounting

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

D. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

E. 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.

F. 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.

G. Participating Entities

As of June 30, 2003, 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)

I. **Compensated Absences**

Employees accrue 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 45 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 45-day maximum per employee. Sick leave is payable upon discharge or termination.

All employees earn 10 to 20 days of annual vacation leave per year depending on length of service with the Authority. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates until the individual has 50 days. Annual leave is not paid upon termination of employment.

In Governmental Fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expenditure 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. The total is included in the General Long-Term Debt Account Group. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick and vacation leave forfeited when employees resign or retire.

2. **Cash**

At year end, the carrying amount of the Authority's deposits was \$5,517,276 and the bank balance was \$5,000,422. Of the bank balance, \$100,000 was covered by federal depository insurance, \$4,000,422 was covered by collateral held by the pledging bank's agent in the Authority's name.

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, 2003 was \$144,635. 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, 2003</u>
Balance, beginning of year	\$ <u>5,680,102</u>
Additions	
Taxes and licenses collected	63,626,380
Interest	<u>22,760</u>
	<u>63,649,140</u>
Reductions	
Taxes paid - School Board	27,603,921
- Parish Council	9,363,099
- Drainage District	6,338,190
- Gonzales	7,997,441
- District No. 2	4,325,697
- Donaldsonville	1,422,668
- Hospital District	562,545
- Sorrento	313,522
- Occupational License	890,339
- Tax Free	29,682
- Operating Expenses	869,921
- Sheriff	<u>4,240,717</u>
	<u>63,957,743</u>
Balance, end of year	\$ <u>5,371,500</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 5.0 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 13.8 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, 2003, 2002, and 2001, were \$40,868, \$38,499, and \$48,010, respectively, which equals to the required contributions for each year.

6. Changes in Accounting Principles

For the year ended June 30, 2003, the Ascension Parish Sales and Use Tax Authority has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. At June 30, 2003 there was no effect on fund balance as a result of the implementation of GASB 33.

GASB Statement No. 34 creates new basic financial statements for reporting on the Ascension Parish Sales and Use Tax Authority 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. Non-major funds are presented in total in one column in the fund financial statements.



OTHER SUPPLEMENTAL INFORMATION





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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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, 2003, and have issued our report thereon dated November 14, 2003, which was unqualified. 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.

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 that are required to be reported under *Government Auditing Standards*.

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 general financial statements and not to provide assurance 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 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 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.

This report is intended for the information of the Ascension Parish Sales and Use Tax Authority, management 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 & Netterville
November 14, 2003

