

RECEIVED  
LEGISLATIVE AUDITOR  
2003 JUN 30 AM 11:20



**Sabine Parish Sales and Use Tax Commission**  
**FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2002**

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 8/20/03



The CPA. Never Underestimate The Value.<sup>SM</sup>

**Eugene W. Fremaux II**

Certified Public Accountant

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
DECEMBER 31, 2002

TABLE OF CONTENTS

|                                                                                                                                                                                                         | <u>EXHIBIT</u> | <u>SCHEDULE</u> | <u>PAGE</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|-------------|
| INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS                                                                                                                                                | -              | -               | 1           |
| GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)                                                                                                                                   |                |                 |             |
| Combined balance sheet - all fund types and account groups                                                                                                                                              | A              | -               | 3           |
| Combined statement of revenues, expenditures, and changes in fund balance - all governmental fund types                                                                                                 | B              | -               | 4           |
| Notes to financial statements                                                                                                                                                                           | -              | -               | 5           |
| FINANCIAL STATEMENTS OF INDIVIDUAL FUND AND ACCOUNT GROUPS                                                                                                                                              |                |                 |             |
| General Fund:                                                                                                                                                                                           |                |                 |             |
| Balance sheet                                                                                                                                                                                           | C              | -               | 10          |
| Statement of revenues, expenditures and changes in fund balance - budget (GAAP basis) and actual                                                                                                        | D              | -               | 11          |
| General Fixed Assets Account Group:                                                                                                                                                                     |                |                 |             |
| Statement of general fixed assets                                                                                                                                                                       | E              | -               | 13          |
| Statement of changes in general fixed assets                                                                                                                                                            | E              | -               | 13          |
| Fiduciary Fund Type:                                                                                                                                                                                    |                |                 |             |
| Balance sheet                                                                                                                                                                                           | F              | -               | 15          |
| Changes in balances due to taxing bodies and others                                                                                                                                                     | G              | -               | 16          |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u> | -              | -               | 17          |

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying general purpose financial statements of the Sabine Parish Sales and Use Tax Commission, Many, Louisiana, and the individual fund and account group financial statements of the Sabine Parish Sales and Use Tax Commission, Many, Louisiana, as of December 31, 2002 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 general purpose 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, 2002, and the results of its operations, and changes in fund balance for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the individual fund and account group of the Sabine Parish Sales and Use Tax Commission at December 31, 2002, and the results of the operations of such funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 26, 2003 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 26, 2003



The CPA. Never Underestimate The Value.<sup>SM</sup>

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

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 \_\_\_\_\_

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002

|                                       | GOVERNMENT<br>FUND TYPE<br>GENERAL<br>FUND | ACCOUNT<br>GROUP<br>GENERAL<br>FIXED<br>ASSETS | FIDUCIARY<br>FUND<br>TYPE<br>AGENCY<br>FUND | TOTALS<br>(MEMORANDUM ONLY) |
|---------------------------------------|--------------------------------------------|------------------------------------------------|---------------------------------------------|-----------------------------|
| <b>ASSETS</b>                         |                                            |                                                |                                             |                             |
| Cash                                  | \$12,815                                   | \$0                                            | \$0                                         | \$12,815                    |
| Prepaid insurance                     | 299                                        | 0                                              | 0                                           | 299                         |
| Fixed assets                          | <u>0</u>                                   | <u>51,431</u>                                  | <u>0</u>                                    | <u>51,431</u>               |
| Total assets                          | <u>\$13,114</u>                            | <u>\$51,431</u>                                | <u>\$0</u>                                  | <u>\$64,545</u>             |
| <b>LIABILITIES AND FUND BALANCE</b>   |                                            |                                                |                                             |                             |
| Liabilities:                          |                                            |                                                |                                             |                             |
| Accounts payable                      | \$142                                      | \$0                                            | \$0                                         | \$142                       |
| Due to taxing bodies & others         | <u>0</u>                                   | <u>0</u>                                       | <u>0</u>                                    | <u>0</u>                    |
| Total liabilities                     | <u>142</u>                                 | <u>0</u>                                       | <u>0</u>                                    | <u>142</u>                  |
| Fund equity:                          |                                            |                                                |                                             |                             |
| Investment in general fixed<br>assets | 0                                          | 51,431                                         | 0                                           | 51,431                      |
| Fund balance - unreserved             | <u>12,972</u>                              | <u>0</u>                                       | <u>0</u>                                    | <u>12,972</u>               |
| Total fund equity                     | <u>12,972</u>                              | <u>51,431</u>                                  | <u>0</u>                                    | <u>64,403</u>               |
| Total liabilities and fund balance    | <u>\$13,114</u>                            | <u>\$51,431</u>                                | <u>\$0</u>                                  | <u>\$64,545</u>             |

The accompanying notes are an integral part of these statements.

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
Year ended December 31, 2002

|                                                              |                        |
|--------------------------------------------------------------|------------------------|
| Revenues:                                                    |                        |
| Collection fees                                              | \$103,384              |
| Miscellaneous income                                         | 5,775                  |
|                                                              | <u>109,159</u>         |
| Expenditures:                                                |                        |
| General government:                                          |                        |
| Personnel costs                                              | 67,319                 |
| Travel and meetings                                          | 1,140                  |
| Office supplies                                              | 1,800                  |
| Professional fees                                            | 8,017                  |
| Insurance                                                    | 1,031                  |
| Telephone & utilities                                        | 6,168                  |
| Postage                                                      | 6,394                  |
| Printing                                                     | 1,882                  |
| Outside auditing services                                    | 11,042                 |
| Other                                                        | 4,662                  |
|                                                              | <u>109,455</u>         |
| Capital outlay                                               | <u>0</u>               |
|                                                              | <u>109,455</u>         |
| Excess (deficiency) of revenues over<br>(under) expenditures | (296)                  |
| Fund balance, beginning                                      | <u>13,268</u>          |
| Fund balance, ending                                         | <u><u>\$12,972</u></u> |

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, 2002

(1) Summary of significant accounting policies

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.

The accounting and reporting practices of the Commission conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the general requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices the Commission now follows:

Fund accounting - The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped in this report into one generic fund type and one broad fund category as follows:

Governmental Fund -

    General Fund -

    The general fund is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

    The general fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its reported fund balance is considered a measure of "available spendable resources".

Account Group -

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

General Fixed Assets -

Fixed assets used in general fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the general fund when purchased. No depreciation has been recorded on general fixed assets.

All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value at the time of donation.

This account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operation.

Fiduciary Fund -

Agency Fund -

The agency fund is used to account for tax collections which are held in a trust or agency capacity by the Commission.

Basis of accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The general fund is accounted for using a flow of current financial resources measurement focus. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting, except for the agency fund, which is prepared on the cash basis of accounting, which approximates the modified accrual basis of accounting.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budget practices - The Commission prepares and adopts an annual budget, the dollar amounts being allocated to the various expenditure categories based upon the total amount of anticipated revenues. Budget appropriations lapse at the end of each year.

Total columns on combined statements - overview - Total columns on the combined statements - overview 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. Interfund eliminations have not been made in the aggregation of this data.

(2) Pending litigation

The Commission is not involved in any litigation at December 31, 2002, other than litigation involving taxpayer collection efforts.

(3) Tax collections

The Commission is authorized to collect sales and use taxes at the rates levied by the participating taxing bodies. The Commission charges a fee to the taxing bodies to fund its operations. During the year ended December 31, 2002, the Commission collected

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

\$7,682,938 in taxes and received \$103,384 (1.35%) to fund its operations. Collections include \$30,634 of taxes, penalties and interest collected as a result of taxpayer audits performed by outside auditing firms. Contingent fees paid to the outside auditing firms amounted to \$11,042 (36.1% of related collections) and are included in the above operating fees of \$103,384.

(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.

(5) Operations

The Commission operates as a political subdivision, therefore it is exempt from income tax and is not required to file an annual income information return.

(6) Cash

All bank deposits are fully secured through federal depository insurance.

(7) Changes in general fixed assets

During the year ended December 31, 2002 the Commission had no changes in general fixed assets.

(8) Compensation of commissioners

The commissioners received no compensation or per diem during the year ended December 31, 2002.

(9) Taxes paid under protest

During the year ended December 31, 2002 no taxes were paid under protest. There were no taxes paid under protest in prior years which remained unsettled as of December 31, 2002.

FINANCIAL STATEMENTS  
OF INDIVIDUAL FUND  
AND ACCOUNT GROUP

GENERAL FUND

---

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

---

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
GENERAL FUND  
BALANCE SHEET  
DECEMBER 31, 2002

## ASSETS

|                   |                 |
|-------------------|-----------------|
| Cash              | \$12,815        |
| Prepaid insurance | <u>299</u>      |
| Total assets      | <u>\$13,114</u> |

## LIABILITIES AND FUND BALANCE

|                           |                 |
|---------------------------|-----------------|
| Accounts payable          | \$142           |
| Fund balance - unreserved | <u>12,972</u>   |
| Total fund balance        | <u>\$13,114</u> |

The accompanying notes are an integral part of these statements.

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
Year ended December 31, 2002

|                                                              | BUDGET          | ACTUAL          | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--------------------------------------------------------------|-----------------|-----------------|----------------------------------------|
| Revenues:                                                    |                 |                 |                                        |
| Collection fees                                              | \$105,134       | \$103,384       | (\$1,750)                              |
| Miscellaneous income                                         | <u>0</u>        | <u>5,775</u>    | <u>5,775</u>                           |
| Total revenues                                               | <u>105,134</u>  | <u>109,159</u>  | <u>4,025</u>                           |
| Expenditures:                                                |                 |                 |                                        |
| General government:                                          |                 |                 |                                        |
| Personnel costs                                              | 67,570          | 67,319          | 251                                    |
| Travel and meetings                                          | 3,500           | 1,140           | 2,360                                  |
| Office supplies                                              | 3,500           | 1,800           | 1,700                                  |
| Professional fees                                            | 6,000           | 8,017           | (2,017)                                |
| Insurance                                                    | 1,100           | 1,031           | 69                                     |
| Telephone & utilities                                        | 6,500           | 6,168           | 332                                    |
| Postage                                                      | 7,000           | 6,394           | 606                                    |
| Printing                                                     | 1,000           | 1,882           | (882)                                  |
| Outside auditing services                                    | 0               | 11,042          | (11,042)                               |
| Other                                                        | <u>9,504</u>    | <u>4,662</u>    | <u>4,842</u>                           |
| Total general government                                     | <u>105,674</u>  | <u>109,455</u>  | <u>(3,781)</u>                         |
| Capital outlay                                               | <u>0</u>        | <u>0</u>        | <u>0</u>                               |
| Total expenditures                                           | <u>105,674</u>  | <u>109,455</u>  | <u>(3,781)</u>                         |
| Excess (deficiency) of revenues over<br>(under) expenditures | (540)           | (296)           | 244                                    |
| Fund balance, beginning                                      | <u>13,268</u>   | <u>13,268</u>   | <u>0</u>                               |
| Fund balance, ending                                         | <u>\$12,728</u> | <u>\$12,972</u> | <u>\$244</u>                           |

The accompanying notes are an integral part of these statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

---

To account for fixed assets used in general fund operations.

---

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 2002

|                                |                     |
|--------------------------------|---------------------|
| General fixed assets, at cost: |                     |
| Building improvements          | \$10,075            |
| Office furniture and fixtures  | <u>41,356</u>       |
| <br>Total general fixed assets | <br><u>\$51,431</u> |

|                                              |                     |
|----------------------------------------------|---------------------|
| Investment in general fixed assets:          |                     |
| General fund revenues                        | \$50,809            |
| Sabine Parish School Board                   | 35                  |
| Sabine Parish Police Jury                    | <u>587</u>          |
| <br>Total investment in general fixed assets | <br><u>\$51,431</u> |

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
Year ended December 31, 2002

|                              |                     |
|------------------------------|---------------------|
| Balance at beginning of year | \$51,431            |
| <br>Additions - equipment    | <br>0               |
| <br>Deletions - equipment    | <br><u>0</u>        |
| <br>Balance at end of year   | <br><u>\$51,431</u> |

The accompanying notes are an integral part of these statements.

FIDUCIARY FUND TYPE  
AGENCY FUND

---

The fiduciary fund type - agency fund - is used to account for resources that a governmental unit does not own but holds in a trust or agency capacity.

---

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
AGENCY FUND  
BALANCE SHEET  
DECEMBER 31, 2002

## ASSETS

|              |            |
|--------------|------------|
| Cash         | <u>\$0</u> |
| Total assets | <u>\$0</u> |

## LIABILITIES AND FUND BALANCE

## Liabilities:

|                                    |                   |
|------------------------------------|-------------------|
| Due to taxing bodies and others    | <u>\$0</u>        |
| Total liabilities                  | 0                 |
| Fund balance - unreserved          | <u>0</u>          |
| Total liabilities and fund balance | <u><u>\$0</u></u> |

The accompanying notes are an integral part of these statements.

SABINE PARISH SALES AND USE TAX COMMISSION  
MANY, LOUISIANA  
AGENCY FUND  
CHANGES IN BALANCES DUE TO TAXING BODIES AND OTHERS  
Year ended December 31, 2002

|                                          |                   |
|------------------------------------------|-------------------|
| BALANCE AT BEGINNING OF YEAR             | <u>\$0</u>        |
| ADDITIONS - taxes paid to Tax Commission | <u>7,682,938</u>  |
| REDUCTIONS:                              |                   |
| Distributions-                           |                   |
| Sabine Parish School Board               | 3,321,041         |
| Sabine Parish Police Jury                | 2,216,250         |
| Many                                     | 1,071,877         |
| Zwolle                                   | 226,409           |
| Converse                                 | 27,008            |
| Florien                                  | 114,950           |
| Pleasant Hill                            | 31,727            |
| Law Enforcement District                 | 554,055           |
| Tourist Commission                       | 100,029           |
| Sales Tax Commission                     | <u>19,592</u>     |
| Total distributions                      | <u>7,682,938</u>  |
| BALANCE AT END OF YEAR                   | <u><u>\$0</u></u> |

The accompanying notes are an integral part of these statements.

**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 general purpose financial statements of the Sabine Parish Sales and Use Tax Commission, Louisiana, and the combining, individual fund, and account group financial statements of the Sabine Parish Sales and Use Tax Commission, Louisiana, for the year ended December 31, 2002, and have issued my report thereon dated June 26, 2003. 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 general purpose 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 general purpose 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 management, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a stylized flourish at the end.

EUGENE W. FREMAUX II, CPA

June 26, 2003