

**JACKSON PARISH
SALES TAX COLLECTION AGENCY**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2012**

Jackson Parish Sales Tax Collection Agency
June 30, 2012

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JACKSON PARISH SALES TAX COLLECTION AGENCY

P. O. Box 666
Jonesboro, LA 71251

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Jackson Parish Sales Tax Collection Agency's (hereafter referred to as the Agency) annual financial report presents an overview and analysis of the Agency's financial activities for the year ended June 30, 2012. The intent of the MD&A is to look at the Agency's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Agency's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Agency as a whole and presents a longer-term view of the Agency's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Assets presents all of the Agency's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Agency's net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- The Statement of Activities presents information showing how the Agency's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Agency are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the Agency's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Agency. The Agency also maintains a Fiduciary Fund, in which these funds are simply held for other parties and cannot be used for any of the Agency's activities, it is not included in the government-wide statement, but is separately reported in the statement of the Fiduciary Fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets	\$16,582	\$16,967
Capital assets, net of accumulated depreciation	<u>580</u>	<u>1,520</u>
Total Assets	<u>\$17,162</u>	<u>\$18,487</u>
LIABILITIES:		
Accounts payable	\$ 1,284	\$ 695
Payroll related payables	6,369	6,366
Other	<u>6,516</u>	<u>4,863</u>
Total Liabilities	<u>\$14,169</u>	<u>\$11,924</u>
NET ASSETS:		
Invested in capital assets	\$ 580	\$ 1,520
Unrestricted	<u>2,413</u>	<u>5,043</u>
NET ASSETS	<u>\$ 2,993</u>	<u>\$ 6,563</u>

Summary of Statement of Activities

	<u>2012</u>	<u>2011</u>
REVENUES:		
Charges for Services	\$134,262	\$136,865
Interest	<u>31</u>	<u>54</u>
Total Revenues	<u>\$134,293</u>	<u>\$136,919</u>
EXPENSES:		
Personnel Services	\$105,570	\$101,889
Legal & Accounting	5,435	8,263
Operating Services	<u>26,857</u>	<u>26,293</u>
Total Expenses	<u>\$137,862</u>	<u>\$136,445</u>
Change in Net Assets	<u>\$ (3,569)</u>	<u>\$ 474</u>

- The Agency's assets exceeded its liabilities by \$2,993 (net assets) for the year and its assets exceeded its liabilities by \$6,563 for the prior year.
- Unrestricted net assets of \$2,413 represent the portion available to maintain the Agency's obligation to both citizens and creditors. For the prior year, this was \$5,043, a decrease of \$2,630 for the year.

General Fund Budgetary Highlights

The actual revenues were \$1,823 less than the budgeted amount for the year and expenditures were \$846 less than the budgeted amount for the year.

Economic Factors and Next Year's Budget

The primary revenue source is the charges for services received from the different taxing bodies based on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all during the preceding month. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for FY 2012/2013 should not significantly differ from FY 2011/2012.

Contacting the Agency

This financial report is designed to provide our citizens and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Jackson Parish Sales Tax Collection Agency, P. O. Box 666, Jonesboro, LA 71251-0666.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Agency'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 governmental activities, major fund and fiduciary fund of the Agency as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the Agency's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison listed as required supplemental information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 5, 2012

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$15,298
Revenue Receivable	<u>1,284</u>
Total Current Assets	\$16,582
Non-current Assets:	
Capital Assets (Net)	<u>580</u>
Total Assets	\$ <u>17,162</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 1,284
Payroll Related Payables	<u>6,369</u>
Total Current Liabilities	\$ 7,653
Long-term Liabilities:	
Accrued Compensated Absences	<u>6,516</u>
Total Liabilities	\$ <u>14,169</u>
NET ASSETS:	
Invested in Capital Assets	\$ 580
Unrestricted	<u>2,413</u>
Total Net Assets	\$ <u>2,993</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Activities
June 30, 2012

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges</u> <u>for</u> <u>Services</u>	<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Assets</u> <u>Governmental Activities</u>
Governmental Activities:			
General Government	\$ <u>137,862</u>	\$ <u>134,262</u>	\$(3,600)
	General Revenues:		
	Interest		<u>31</u>
	Change in Net Assets		\$(3,569)
	Net Assets July 1, 2011		<u>6,562</u>
	Net Assets June 30, 2012		<u>\$ 2,993</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Balance Sheet-Governmental Fund
June 30, 2012

	Governmental Fund
ASSETS:	
Cash & Cash Equivalents	\$15,298
Revenue Receivable	<u>1,284</u>
Total Assets	<u>\$16,582</u>
LIABILITIES:	
Accounts Payable	\$ 1,284
Payroll Related Payables	<u>6,369</u>
Total Liabilities	\$ 7,653
FUND BALANCE:	
Unassigned	<u>8,929</u>
Total Liabilities and Fund Balance	<u>\$16,582</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2012

Total Fund Balance for the Governmental Fund at June 30, 2012	\$ 8,929
Amounts reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Capital Assets	51,998
Less, Accumulated Depreciation	(51,418)
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Accrued Compensated Absences	<u>(6,516)</u>
Total Net Assets of Governmental Activities at June 30, 2012	\$ <u>2,993</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2012

	Governmental <u>Fund</u>
REVENUES:	
Charges for Services	\$134,262
Interest	<u>31</u>
Total Revenues	<u>\$134,293</u>
EXPENDITURES:	
Current-	
Personnel Services	\$103,917
Legal & Accounting	5,435
Operating Services	<u>25,918</u>
Total Expenditures	<u>\$135,270</u>
(Deficiency) of Revenues over Expenditures	\$ (977)
Fund Balance-Beginning of Year	<u>9,906</u>
Fund Balance-End of Year	<u>\$ 8,929</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2012

Total Change in Fund Balance	\$ (977)
Amounts reported for Governmental Activities in the Statement of Activities is different because:	
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(940)
Accrued Compensated Absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds-	
Change in Accrued Compensated Absences	<u>(1,652)</u>
Total change in Net Assets of Governmental Activities	<u>\$ (3,569)</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2012

	<u>Agency Fund</u>
ASSETS:	
Cash	\$ <u>2,414</u>
Total Assets	\$ <u>2,414</u>
LIABILITIES:	
Unsettled Deposits – Due to Others	\$ <u>2,414</u>
Total Liabilities	\$ <u>2,414</u>

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2012

	<u>Agency Fund</u>
ADDITIONS:	
Sales Tax Receipts	\$10,925,835
Interest Income	<u>1,101</u>
Total Additions	<u>\$10,926,936</u>
DEDUCTIONS:	
Jackson Parish Sales Tax Collection Agency	\$ 133,087
Jackson Parish Police Jury	2,293,668
Jackson Parish School Board	6,055,004
Town of Jonesboro	1,634,192
Village of Hodge	657,293
Village of North Hodge	9,181
Village of East Hodge	3,431
Town of Chatham	55,517
Collection Fees	3,887
Refunds	77,920
Other Settlements	<u>3,350</u>
Total Deductions	<u>\$10,926,530</u>
Change in Liabilities	\$ 406
Liabilities-Beginning	<u>2,008</u>
Liabilities-Ending	<u>\$ 2,414</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

1. Introduction:

As provided by Louisiana Statutes 33:2711(c), the Jackson Parish Sales Tax Collection Agency serves as the collector of sales and use taxes for the parish. The Agency is governed by a Board of Commissioners comprised of five members; two of the members are selected from the Jackson Parish School Board, one from the Jackson Parish Police Jury and one each from the municipalities of Jonesboro and Hodge, Louisiana, in accordance with a joint intergovernmental agreement among the agencies. The commissioners serve for indefinite terms at the pleasure of the taxing authority appointing them. The members of the Board serve without benefit of compensation. The Jackson Parish Sales Tax Collection Agency has two full-time positions; the Tax Administrator, appointed by the Board of Commissioners, and one employee who performs support functions.

2. Summary of Significant Accounting Policies:

The accompanying financial statements of the Jackson Parish Sales Tax Collection Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Jackson Parish Sales Tax Collection Agency was created as a political subdivision under the provisions of Louisiana Revised Statute 33:2711(c). Members of the Board of Commissioners are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Agency is the collector for all sales and use taxes within the parish. Based on the above, the Jackson Parish Sales Tax Collection Agency was determined to be a separate governmental reporting entity. The Jackson Parish Sales Tax Collection Agency includes all funds, activities, etc., that are within the primary responsibility of the Agency. Certain units of local government over which the Agency exercises no primary responsibility, such as the Jackson Parish Police Jury, School Board, Assessor, Clerk of Court, municipalities within the parish, and other independently elected officials are excluded from the accompanying financial statements. These local governments are neither controllable by nor answerable to the Jackson Parish Sales Tax Collection Agency. Further, their operations do not require the approval of the Agency nor is the Agency legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Jackson Parish Sales Tax Collection Agency.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The accounts of the Agency are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Agency maintains two funds. They are categorized as a governmental fund and fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The funds of the Agency are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

Fiduciary Fund-

Fiduciary Funds are used to account for assets held by the Agency in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Agency, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Agency as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts and savings accounts of the Agency.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Agency maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
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Compensated Absences-

Full-time Agency employees may earn from twelve to twenty-one days of annual leave and five days of sick leave per year depending on length of service. Upon resigning, employees may be paid for annual and sick leave up to twenty days each. Retiring employees are not paid for accrued annual leave in excess of twenty days, but are given credit toward retirement length of service. Retiring employees may elect to be paid for accrued sick leave up to twenty-five days.

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When an expense is incurred for the purposes for which both restricted and unrestricted net assets are available, management applies unrestricted net assets first, unless a determination is made to use restricted net assets. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance---amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance---amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance---amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance---amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance---amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$8,929. If applicable, the Agency would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

F. Budgetary Practices:

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary data for the general fund is prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliations between legally enacted basis and GAAP basis is required.

The Agency's office performs only a custodial function in the case of fiduciary funds and therefore a budget for these funds is not appropriate.

G. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents:

At June 30, 2012, the Jackson Parish Sales Tax Collection Agency had cash totaling \$1,159,737 (collected bank balances). Book balances were substantially less than bank balances due to the large amount of outstanding checks sent to the various taxing bodies at month end. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the Agency. The deposits at June 30, 2012, were secured as follows:

	<u>Cash</u>
Bank Balances	\$1,159,737
Insured by FDIC	\$ (250,000)
Insured by Pledged Securities	<u>(909,737)</u>
Uninsured Balances	\$ <u>0</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2012, is as follows:

Governmental Activities	Balance 07-01-11	Additions	Deletions	Balance 06-30-12
Capital Assets:				
Furniture, computers	\$ 51,998	\$ 0	\$0	\$ 51,998
Less: Accumulated Depreciation:				
Furniture, computers	<u>(50,478)</u>	<u>(940)</u>	<u>0</u>	<u>(51,418)</u>
Net Capital Assets	<u>\$ 1,520</u>	<u>\$(940)</u>	<u>\$0</u>	<u>\$ 580</u>

Depreciation expense of \$940 was charged to the general government function.

5. Pension Plan:

The employees of the Jackson Parish Sales Tax Collection Agency are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. The employees of the Agency are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part by the Jackson Parish Sales Tax Collection Agency are eligible to participate in the System.

Under Plan A, employees who retire at age 65 with at least 7 years of creditable service; at or after age 60 with at least 10 years of creditable service; at or after age 55 with at least 25 years of creditable service; or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2012

The System issues an annual publicly available financial report that includes 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, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The rate was 15.75 percent of covered payroll for the year ending June 30, 2012. Contributions to the System also include $\frac{1}{4}$ of 1 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Agency are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Agency's contributions to the System under Plan A for the years ending June 30, 2012, 2011, and 2010, were \$12,521, \$12,395, and \$11,561, respectively, equal to the required contributions for each year.

6. Litigation:

Management has advised that the Agency is not involved in any legal action which would have a negative impact on the Agency. Any potential liability arising from the suits against the Agency would be a liability of the respective taxing bodies for which the Agency handles collections and not a liability of the Jackson Parish Sales Tax Collection Agency.

7. Changes in General Long-term Obligations – Compensated Absences:

The following is a summary of the changes in long-term obligations for accrued compensated absences for the year ended June 30, 2012:

Long-term obligations payable at June 30, 2011	\$4,864
Net Change	<u>1,652</u>
Long-term obligations Payable at June 30, 2012	<u>\$6,516</u>

Jackson Parish Sales Tax Collection Agency
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June 30, 2012

8. Lease Agreement – Town of Jonesboro:

The Jackson Parish Sales Tax Collection Agency has entered into a lease agreement with the Town of Jonesboro. This lease agreement is for office space with a monthly payment of \$375.

9. Post-Employment Benefits:

There are no post-employment benefits offered to employees. Therefore, no entry is made for GASB 45.

10. Contingency:

The Jackson Parish Sales Tax Collection Agency has received a request for a refund of sales and use tax for the calendar years 2007 and 2008. This request involves the assertion by EXCO Operating Company, LLP that sales and use tax were erroneously paid to the Agency. The Agency is currently reviewing their records concerning EXCO. Until this review is completed, the outcome of this request cannot be determined.

11. Subsequent Events:

Management has evaluated events through December 5, 2012, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Jackson Parish Sales Tax Collection Agency
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Budget</u> <u>Original/Final</u>	2012 <u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUES:			
Collection Fees	\$135,336	\$133,677	\$(1,659)
Other Income	780	585	(195)
Interest	<u>0</u>	<u>31</u>	<u>31</u>
Total Revenues	<u>\$136,116</u>	<u>\$134,293</u>	<u>\$(1,823)</u>
EXPENDITURES:			
Accounting Fees	\$ 1,587	\$ 0	\$ 1,587
Advertising	150	97	53
Annual Audit	5,000	5,000	0
Dues & Subscriptions	400	407	(7)
Insurance - Group	9,383	9,814	(431)
Insurance - Workman's Comp.	700	555	145
Legal Fees	500	435	65
Office Expense	6,500	6,516	(16)
Payroll Tax Expense	1,160	1,527	(367)
Postage	5,000	5,442	(442)
Programming Expense	3,015	3,160	(145)
Rent	4,500	4,500	0
Repairs & Maintenance	0	5	(5)
Retirement Expense	12,521	12,521	0
Salary Expense	79,500	79,500	0
Seminars/Conventions	2,000	1,078	922
Supplies	0	321	(321)
Telephone	3,200	3,781	(581)
Travel	<u>1,000</u>	<u>611</u>	<u>389</u>
Total Expenditures	<u>\$136,116</u>	<u>\$135,270</u>	<u>\$ 846</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 0	\$ (977)	\$ (977)
Fund Balance - Beginning of Year	<u>9,906</u>	<u>9,906</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 9,906</u>	<u>\$ 8,929</u>	<u>\$ (977)</u>

See accountant's report.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

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

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the financial statements of the governmental activities, major fund and fiduciary fund of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2012, which collectively comprise the Jackson Parish Sales Tax Collection Agency's basic financial statements and have issued our report thereon dated December 5, 2012. 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, and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

Management of Jackson Parish Sales Tax Collection Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson Parish Sales Tax Collection Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jackson Parish Sales Tax Collection Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Jackson Parish Sales Tax Collection Agency and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 5, 2012
Natchitoches, Louisiana

Jackson Parish Sales Tax Collection Agency
Schedule of Audit Findings
Year Ended June 30, 2012

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unqualified opinion was issued on the financial statements of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2012.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings.

III. PRIOR YEAR AUDIT FINDINGS

No findings.