

Sabine Parish Sales and Use Tax Commission
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010

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 7/20/11



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Certified Public Accountant

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statement of fiduciary assets and liabilities of the Sabine Parish Sales and Use Tax Commission as of December 31, 2010, which comprise the Sabine Parish Sales and Use Tax Commission's basic financial statements as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and with the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sabine Parish Sales and Use Tax Commission as of December 31, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued my report dated June 30, 2011, on my consideration of the Sabine Parish Sales and Use Tax Commission's internal control over financial reporting and my tests on its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



EUGENE W. FREMAUX II, CPA
June 30, 2011



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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

This section of the Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission's tax collections in 2010 increased by 66% (\$9,821,993) to \$24,641,389, over collections in 2009 due primarily to an increase in natural gas leasing, exploration and development in Northwest Louisiana.

Total current assets increased by \$23,682 to \$295,987 during 2010, due primarily to \$24,393 of taxes paid under protest.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

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

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

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

	2010	2009
Total current assets	<u>\$ 295,987</u>	<u>\$ 272,305</u>
Accounts payable	703	1,873
Protested tax payments	280,936	254,331
Due to taxing bodies	12,507	14,345
Compensated absences	<u>1,841</u>	<u>1,756</u>
	<u>\$ 295,987</u>	<u>\$ 272,305</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

	2010	2009
Taxes Collected	<u>\$ 24,641,389</u>	<u>\$ 14,819,396</u>
Distributions:		
School Board	12,048,867	6,846,528
Police Jury	4,821,845	2,738,264
Town of Many	1,221,328	1,053,163
Town of Zwolle	492,379	479,212
Village of Converse	59,530	27,183
Village of Florien	117,401	95,612
Village of Pleasant Hill	78,386	25,605
Sabine Parish Law District	3,616,381	2,053,720
Sabine Parish Tourist Commission	185,298	155,431
District Attorney	605,076	344,161
Sabine Council on Aging	1,205,405	684,533
Commission operating expenses	<u>191,331</u>	<u>311,560</u>
Total Distributions and Expenses	<u>24,643,227</u>	<u>14,814,972</u>
Increase (decrease) in due to taxing bodies	<u>\$ (1,838)</u>	<u>\$ 4,424</u>

The Commission's operating expenses in 2010 comprised 0.8% of the taxes collected. The decrease in operating expenses in 2010 relates primarily to increased taxpayer audit fees in 2009 due to the settlement of several large audits.

ECONOMIC FACTORS

The Commission has no current knowledge of any economic conditions that could have significant adverse affects on sales tax collections or operating expenses during 2011, other than the current depressed state of the nation's economy. However, collections during the first five months of 2011 were up \$7,094,714, or 83%, from the corresponding period in 2010. The increase is primarily due to increased oil and gas drilling activity in the parish.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Linda Schrock, Administrator, 670 San Antonio Avenue, Many, LA 71449.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2010

ASSETS

Cash	\$ 295,570
Prepaid expenses	<u>417</u>
Total assets	<u>\$ 295,987</u>

LIABILITIES

Liabilities:	
Accounts payable	\$ 703
Protested tax payments	280,936
Due to taxing bodies and others	12,507
Compensated absences payable	<u>1,841</u>
Total liabilities	<u>\$ 295,987</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

(1) Introduction

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

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

(2) Summary of significant accounting policies

Reporting entity

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

Basis of presentation

Fiduciary Fund Type

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

Basis of accounting

The fiduciary fund financial statements are accounted for on the modified accrual basis of accounting. Collections of taxes are recognized when received and expenditures are recognized when the related fund liability is incurred. The Commission's fiduciary fund follows FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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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.

(2) Pending litigation

The Commission is not involved in any litigation at December 31, 2010 other than litigation involving taxpayer collection efforts. During 2008, the Commission received \$249,422 of assessed taxes paid under protest for which subsequent suit was filed by the taxpayer against the Commission. During 2010 the Commission received \$24,393 of taxes paid under protest for which subsequent suit was filed by the taxpayer against the Commission. As of December 31, 2010 these suits were pending.

(3) Compensated absences

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

(4) Personnel costs

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

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

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

Funding Policy - Plan A members are required to contribute 9.5 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate, which is currently 15.75 percent of annual covered payroll. The Commission's employer contributions to the System, as provided by state law, is

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the Commission.

The Commission's contributions to the System for the years ended December 31, 2010, 2009, and 2008 were \$10,643, 8,154, and \$8,978, respectively, which equal the required contributions for each year.

(5) Compensation of commissioners

The commissioners received no compensation or per diem during the year ended December 31, 2010.

(6) Taxes paid under protest

The Commission has two suits filed against it involving taxes paid under protest. The balance of taxes paid under protest (including interest) at December 31, 2010 was \$280,936.

(7) Changes in Agency Fund Deposits due Others

A summary of changes in agency fund deposits due others for 2010 follow:

Balance, beginning of year	<u>\$ 14,345</u>
Taxes collected	<u>24,641,389</u>
Distributions:	
School Board	12,048,867
Police Jury	4,821,845
Town of Many	1,221,328
Town of Zwolle	492,379
Village of Converse	59,530
Village of Florien	117,401
Village of Pleasant Hill	78,386
Sabine Parish Law District	3,616,381
Sabine Parish Tourist Commission	185,298
District Attorney	605,076
Sabine Council on Aging	1,205,405
Commission operating expenses	<u>191,331</u>
	<u>24,643,227</u>
Balance, end of year	<u>\$ 12,507</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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(8) Cash

Louisiana Revised Statutes authorize the Commission to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment. Investments are stated at cost, which approximates market value. Of the total of \$295,470 in cash deposited in demand deposits as of December 31, 2010, \$250,000 was secured through federal depository insurance and \$45,470 was secured by the pledge of securities owned by the depository bank. These securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. These secured bank deposits are considered uncollateralized under the provisions of GASB Statement 3; however, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Commission that the pledging bank has failed to pay deposited funds upon demand.

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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

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

I have audited the financial statements of the Sabine Parish Sales and Use Tax Commission (Commission) for the year ended December 31, 2010, and have issued my report thereon dated June 30, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Sabine Parish Sales and Use Tax Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sabine Parish Sales and Use Tax Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



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This report is intended solely for the information and use of Sabine Parish Sales and Use Tax Commission 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.

A handwritten signature in black ink, appearing to read "Eugene W. Fremaux II". The signature is stylized with a large initial "E" and a long horizontal stroke at the end.

EUGENE W. FREMAUX II, CPA
June 30, 2011

Sabine Parish Sales and Use Tax Commission
Schedule of Findings
December 31, 2010

Current year

None

Prior year

None