

**JACKSON PARISH
SALES TAX COLLECTION AGENCY**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2013**

Jackson Parish Sales Tax Collection Agency
June 30, 2013

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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, 2013. 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 Position 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 Position presents all of the Agency's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Agency's net position 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 position changed during the current year. All changes in net position 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 Position

| | <u>2013</u> | <u>2012</u> |
|----------------------------------|-----------------|-----------------|
| ASSETS: | | |
| Current Assets | \$16,423 | \$16,582 |
| Capital assets, Net | <u>277</u> | <u>580</u> |
| Total Assets | <u>\$16,700</u> | <u>\$17,162</u> |
| LIABILITIES: | | |
| Accounts payable | \$ 1,137 | \$ 1,284 |
| Payroll related payables | 6,719 | 6,369 |
| Other | <u>7,438</u> | <u>6,516</u> |
| Total Liabilities | <u>\$15,294</u> | <u>\$14,169</u> |
| NET POSITION: | | |
| Net Investment in capital assets | \$ 277 | \$ 580 |
| Unrestricted | <u>1,129</u> | <u>2,413</u> |
| Total Net Position | <u>\$ 1,406</u> | <u>\$ 2,993</u> |

Summary of Statement of Activities

| | <u>2013</u> | <u>2012</u> |
|------------------------|-------------------|-------------------|
| REVENUES: | | |
| Charges for Services | \$146,178 | \$134,262 |
| Miscellaneous | <u>5</u> | <u>31</u> |
| Total Revenues | <u>\$146,183</u> | <u>\$134,293</u> |
| EXPENSES: | | |
| Personnel Services | \$106,008 | \$105,570 |
| Legal & Accounting | 6,860 | 5,435 |
| Operating Services | <u>34,902</u> | <u>26,857</u> |
| Total Expenses | <u>\$147,770</u> | <u>\$137,862</u> |
| Change in Net Position | <u>\$ (1,587)</u> | <u>\$ (3,569)</u> |

- The Agency's assets exceeded its liabilities by \$1,406 (net position) for the year and its assets exceeded its liabilities by \$2,993 for the prior year.
- Unrestricted net position of \$1,129 represents the portion available to maintain the Agency's obligation to both citizens and creditors. For the prior year, this was \$2,413, a decrease of \$1,284 for the year.

General Fund Budgetary Highlights

The actual revenues were \$2,008 more than the budgeted amount for the year and expenditures were \$2,370 more 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 2013/2014 should not significantly differ from FY 2012/2013.

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
Roger M. Cunningham, 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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 information of the Agency as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 presented for purposes of additional analysis and 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. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison listed as required supplementary 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 20, 2013

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Statement of Net Position
June 30, 2013

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash & Cash Equivalents | \$15,286 |
| Revenue Receivable | <u>1,137</u> |
| Total Current Assets | \$16,423 |
| Non-current Assets: | |
| Capital Assets, Net | <u>277</u> |
| Total Assets | \$ <u>16,700</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | \$ 1,137 |
| Payroll Related Payables | <u>6,719</u> |
| Total Current Liabilities | \$ 7,856 |
| Long-term Liabilities: | |
| Accrued Compensated Absences | <u>7,438</u> |
| Total Liabilities | \$ <u>15,294</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | \$ 277 |
| Unrestricted | <u>1,129</u> |
| Total Net Position | \$ <u>1,406</u> |

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Activities
June 30, 2013

| <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 Position</u> <u>Governmental Activities</u> |
|--------------------------|-------------------|--|--|
| Governmental Activities: | | | |
| General Government | \$ <u>147,770</u> | \$ <u>146,178</u> | \$(1,592) |
| | | | |
| | | General Revenues: | |
| | | Miscellaneous- | |
| | | Interest | <u>5</u> |
| | | Change in Net Position | \$(1,587) |
| | | Net Position July 1, 2012 | <u>2,993</u> |
| | | Net Position June 30, 2013 | \$ <u>1,406</u> |

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Balance Sheet-Governmental Fund
June 30, 2013

| | Governmental Fund |
|------------------------------------|----------------------|
| ASSETS: | |
| Cash & Cash Equivalents | \$15,286 |
| Revenue Receivable | <u>1,137</u> |
| Total Assets | <u>\$16,423</u> |
| LIABILITIES: | |
| Accounts Payable | \$ 1,137 |
| Payroll Related Payables | <u>6,719</u> |
| Total Liabilities | \$ 7,856 |
| FUND BALANCE: | |
| Unassigned | <u>8,567</u> |
| Total Liabilities and Fund Balance | <u>\$16,423</u> |

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2013

| | |
|---|-----------------|
| Total Fund Balance for the Governmental Fund at June 30, 2013 | \$ 8,567 |
| Amounts reported for Governmental Activities in the Statement of Net Position 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 | (51,721) |
| 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>(7,438)</u> |
| Total Net Position of Governmental Activities at June 30, 2013 | \$ <u>1,406</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, 2013

| | Governmental <u>Fund</u> |
|--|-----------------------------|
| REVENUES: | |
| Charges for Services | \$145,593 |
| Miscellaneous- | |
| Other Income | 585 |
| Interest | <u>5</u> |
| Total Revenues | <u>\$146,183</u> |
| EXPENDITURES: | |
| Current- | |
| Personnel Services | \$105,086 |
| Legal & Accounting | 6,860 |
| Operating Services | <u>34,599</u> |
| Total Expenditures | <u>\$146,545</u> |
| (Deficiency) of Revenues over Expenditures | \$ (362) |
| Fund Balance-Beginning of Year | <u>8,929</u> |
| Fund Balance-End of Year | <u>\$ 8,567</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, 2013

| | |
|--|-------------------|
| Total Change in Fund Balance | \$ (362) |
| 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 | (303) |
| 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>(922)</u> |
| Total change in Net Position of Governmental Activities | <u>\$ (1,587)</u> |

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013

| | <u>Agency Fund</u> |
|------------------------------------|--------------------|
| ASSETS: | |
| Cash | <u>\$2,063,427</u> |
| Total Assets | <u>\$2,063,427</u> |
| LIABILITIES: | |
| Unsettled Deposits – Due to Others | <u>\$2,063,427</u> |
| Total Liabilities | <u>\$2,063,427</u> |

See notes to financial statements.

Jackson Parish Sales Tax Collection Agency
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2013

| | <u>Agency Fund</u> |
|--|------------------------|
| ADDITIONS: | |
| Sales Tax Receipts | \$11,519,359 |
| Interest Income | <u>255</u> |
| Total Additions | <u>\$11,519,614</u> |
| DEDUCTIONS: | |
| Jackson Parish Sales Tax Collection Agency | \$ 145,740 |
| Jackson Parish Police Jury | 1,964,642 |
| Jackson Parish School Board | 5,091,700 |
| Town of Jonesboro | 1,604,513 |
| Village of Hodge | 447,906 |
| Village of North Hodge | 7,723 |
| Village of East Hodge | 3,035 |
| Town of Chatham | 48,837 |
| Town of Eros | 5,896 |
| Collection Fees | 116,868 |
| Refunds | 21,568 |
| Other Settlements | <u>173</u> |
| Total Deductions | <u>\$ 9,458,601</u> |
| Change in Liabilities | \$ 2,061,013 |
| Liabilities-Beginning | <u>2,414</u> |
| Liabilities-Ending | <u>\$ 2,063,427</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2013

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, 2013

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position 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, 2013

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 Position 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, 2013

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, 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 Position. 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 |
|----------------------|---------|

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. Net investment in capital assets---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, 2013

- b. Restricted net position---Consists of net resources 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 position---All other net resources that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. 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 \$8,567. 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, 2013

F. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Agency's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Agency's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Agency does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Agency's financial statements.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2013

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Agency elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the Agency's financial statements.

G. 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.

H. 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, 2013, the Jackson Parish Sales Tax Collection Agency had cash totaling \$3,034,663 (collected bank balances). 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, 2013, were secured as follows:

| | <u>Cash</u> |
|-------------------------------|--------------|
| Bank Balances | \$ 3,034,663 |
| Insured by FDIC | \$ (250,000) |
| Insured by Pledged Securities | (2,784,663) |
| Uninsured Balances | \$ <u>0</u> |

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2013

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.

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2013, is as follows:

| Governmental Activities | Balance <u>07-01-12</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>06-30-13</u> |
|---------------------------------|----------------------------|------------------|------------------|----------------------------|
| Capital Assets: | | | | |
| Furniture, computers | \$ 51,998 | \$ 0 | \$0 | \$ 51,998 |
| Less: Accumulated Depreciation: | | | | |
| Furniture, computers | <u>(51,418)</u> | <u>(303)</u> | <u>0</u> | <u>(51,721)</u> |
| Net Capital Assets | <u>\$ 580</u> | <u>\$(303)</u> | <u>\$0</u> | <u>\$ 277</u> |

Depreciation expense of \$303 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.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2013

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.

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 first half of the year and increased to 16.75 percent on January 1, 2013. 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, 2013, 2012, and 2011, were \$13,130, \$12,521, and \$12,395, 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, 2013:

| | |
|---|----------------|
| Long-term obligations payable at June 30, 2012 | \$6,516 |
| Net Change | <u>922</u> |
| Long-term obligations Payable at June 30, 2013 | <u>\$7,438</u> |

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2013

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. Contingencies:

The Jackson Parish Sales Tax Collection Agency has received a request for a refund of sales and use tax for the calendar years 2007, 2008 and 2009. 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.

Revenue Recovery completed an audit of the parish taxpayer, CenterPoint Energy. In their audit, they found \$2,061,064 in unpaid sales and use taxes to Jackson Parish. CenterPoint paid the full amount in May of 2013. Before funds were disbursed, CenterPoint filed suit to dispute the balance. In June 2013, the Jackson Parish Sales Tax Collection Agency transferred the funds into a certificate of deposit. The Agency indicated the taxpayer is likely to prevail, but at this time the amount is unknown. This balance is shown as Due to Others in the Statement of Fiduciary Net Position, therefore this will not affect the governmental activity of the Agency.

11. Subsequent Events:

Management has evaluated events through November 20, 2013, 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, 2013

| | Budget | | Actual | Variance |
|---|------------------|------------------|------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES: | | | | |
| Charges for Services | \$138,842 | \$144,175 | \$145,593 | \$ 1,418 |
| Miscellaneous- | | | | |
| Other Income | 780 | 0 | 585 | 585 |
| Interest | <u>0</u> | <u>0</u> | <u>5</u> | <u>5</u> |
| Total Revenues | <u>\$139,622</u> | <u>\$144,175</u> | <u>\$146,183</u> | <u>\$ 2,008</u> |
| EXPENDITURES: | | | | |
| Accounting Fees | \$ 1,587 | \$ 1,500 | \$ 0 | \$ 1,500 |
| Advertising | 100 | 98 | 72 | 26 |
| Annual Audit | 5,250 | 5,250 | 6,750 | (1,500) |
| Dues & Subscriptions | 400 | 368 | 376 | (8) |
| Insurance - Group | 8,438 | 9,105 | 9,035 | 70 |
| Insurance-Other | 3,000 | 1,932 | 1,932 | 0 |
| Insurance - Workman's Comp. | 700 | 559 | 559 | 0 |
| Legal Fees | 500 | 110 | 110 | 0 |
| Office Expense | 6,500 | 9,687 | 9,532 | 155 |
| Payroll Tax Expense | 1,621 | 1,506 | 1,551 | (45) |
| Postage | 5,000 | 5,082 | 5,635 | (553) |
| Programming Expense | 3,050 | 5,235 | 5,235 | 0 |
| Rent | 4,500 | 4,500 | 4,500 | 0 |
| Retirement Expense | 12,726 | 12,877 | 13,141 | (264) |
| Salary Expense | 80,800 | 80,800 | 80,800 | 0 |
| Seminars/Conventions | 1,500 | 1,692 | 1,499 | 193 |
| Telephone | 3,200 | 3,116 | 3,112 | 4 |
| Travel | <u>750</u> | <u>758</u> | <u>2,706</u> | <u>(1,948)</u> |
| Total Expenditures | <u>\$139,622</u> | <u>\$144,175</u> | <u>\$146,545</u> | <u>\$(2,370)</u> |
| (Deficiency) of Revenues over Expenditures | \$ 0 | \$ 0 | \$ (362) | \$ (362) |
| Fund Balance - Beginning of Year | <u>8,929</u> | <u>8,929</u> | <u>8,929</u> | <u>0</u> |
| Fund Balance - End of Year | <u>\$ 8,929</u> | <u>\$ 8,929</u> | <u>\$ 8,567</u> | <u>\$ (362)</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
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INDEPENDENT AUDITOR'S 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, in accordance with the 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*, the financial statements of the governmental activities, major fund and fiduciary fund as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Jackson Parish Sales Tax Collection Agency's (Agency) basic financial statements and have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 13-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Jackson Parish Sales Tax Collection Agency's Response to Finding

The Agency's responses to the finding identified in our audit is described in the accompanying schedule of audit findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 20, 2013
Natchitoches, Louisiana

Jackson Parish Sales Tax Collection Agency
Schedule of Audit Findings
Year Ended June 30, 2013

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2013.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
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*

Internal Control-

13-01 Segregation of Duties

Criteria - The Agency's office should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to a lack of funds, the Agency's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Agency's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Sales Tax Collection Agency to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Jackson Parish Sales Tax Collection Agency
Schedule of Audit Findings
Year Ended June 30, 2013

III. PRIOR YEAR AUDIT FINDINGS

No findings.