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MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 1999

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Release Date NOV 03 1999

HILL, INZINA & COMPANY

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Commissioners
Morehouse Sales and Use Tax Commission
Bastrop, Louisiana

We have audited the accompanying general-purpose financial statements of Morehouse Sales and Use Tax Commission, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of Morehouse Sales and Use Tax Commission. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Morehouse Sales and Use Tax Commission, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 1999, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit of the June 30, 1999, general-purpose financial statements was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying information listed as supplementary information in the table of contents is presented for purposes of additional analysis. The financial information on page 13 is not a required part of the general-purpose financial statements of Morehouse Sales and Use Tax Commission. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole. The accompanying information on page 14 also is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Morehouse Sales and Use Tax Commission, is or will become year 2000 compliant, that the Commission's year 2000 remediation efforts will be successful in whole or in part or that parties with which the Commission does business are or will become year 2000 compliant.

Hill, Ogden & Co.

September 27, 1999

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

COMBINED BALANCE SHEET - FUND TYPE AND ACCOUNT GROUP
June 30, 1999

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u> General	<u>Totals -</u> <u>(Memo-</u> <u>randum</u> <u>Only)</u>
	<u>General</u>	<u>Fixed Assets</u>	
ASSETS			
Cash	\$ 39,471	\$ -	\$ 39,471
Investments	25,000	-	25,000
Cash equivalents - restricted	602,510	-	602,510
General fixed assets	<u>-</u>	<u>47,929</u>	<u>47,929</u>
 Total assets	 <u>\$ 666,981</u>	 <u>\$ 47,929</u>	 <u>\$ 714,910</u>
LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Taxes paid under protest - restricted	<u>\$ 602,510</u>	<u>\$ -</u>	<u>\$ 602,510</u>
Equity and other credits:			
Investment in general fixed assets	\$ -	\$ 47,929	\$ 47,929
Fund balance - unreserved and undesignated	<u>64,471</u>	<u>-</u>	<u>64,471</u>
Total equity and other credits	<u>\$ 64,471</u>	<u>\$ 47,929</u>	<u>\$ 112,400</u>
 Total liabilities, equity, and other credits	 <u>\$ 666,981</u>	 <u>\$ 47,929</u>	 <u>\$ 714,910</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 154,350	\$ 154,295	\$(55)
Interest and miscellaneous	2,650	6,347	3,697
	<u>\$ 157,000</u>	<u>\$ 160,642</u>	<u>\$ 3,642</u>
Expenditures:			
Current:			
General government:			
Personal services	\$ 103,470	\$ 95,190	\$ 8,280
Operating services	29,200	24,368	4,832
Professional services	11,330	19,957	(8,627)
Travel, education, and audit	6,000	6,907	(907)
Capital outlay	7,000	4,195	2,805
	<u>\$ 157,000</u>	<u>\$ 150,617</u>	<u>\$ 6,383</u>
Excess of revenues over expenditures	\$ -	\$ 10,025	\$ 10,025
Fund balance - beginning	<u>54,446</u>	<u>54,446</u>	<u>-</u>
Fund balance - ending	<u>\$ 54,446</u>	<u>\$ 64,471</u>	<u>\$ 10,025</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 1999

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Sales and Use Tax Commission (the "Commission") was created by joint agreement of the sales and use taxing bodies of Morehouse Parish, Louisiana, on May 7, 1992, pursuant to Article VII, Section 3, of the Louisiana Constitution. The purpose of the Commission is to provide joint collection, enforcement, and administration of sales and use tax within Morehouse Parish. The governing body of the Commission consists of a nine member Board of Commissioners which are appointed as follows:

	<u>Members Appointed</u>
Morehouse Parish School Board	2
Morehouse Parish Police Jury	1
Sheriff of Morehouse Parish	1
City of Bastrop	2
Commission of Mer Rouge	1
Commission of Bonita	1
Commission of Collinston	1

Each appointee of Morehouse Parish School Board and City of Bastrop as well as the appointees of Morehouse Parish Police Jury and Sheriff of Morehouse Parish have one full vote as a commissioner and the appointee from Village of Mer Rouge, the appointee from Village of Bonita, and the appointee from Village of Collinston have one-third vote each as a commissioner. Each appointed commissioner serves a one year term ending on June 30th of each year.

The more significant of the Commission's accounting policies are described below:

Basis of Presentation:

The accompanying financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

NOTES TO FINANCIAL STATEMENTS

Financial Reporting Entity:

The Commission is a jointly appointed stand-alone government, as it meets neither the criteria of a primary government, nor a component unit, since its governing board is not elected, and it is not financially accountable or fiscally dependent upon any of the constituent governments.

Fund Accounting:

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Commission are classified into the category of governmental funds. In turn, this category is divided into a separate fund type. The fund classification and a description of the existing fund type follow:

Governmental fund:

The governmental fund is used to account for all or most of the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. The governmental fund is:

General Fund - the general operating fund of the Commission and accounts for all financial resources.

NOTES TO FINANCIAL STATEMENTS

Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund. The modified accrual basis of accounting recognizes revenues when both "measurable" and "available". Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred. Revenues are not susceptible to accrual because generally they are not *measurable until received in cash*.

Budgets and Budgetary Accounting:

The budget for the General Fund is proposed by the Administrator and formally adopted by the Commissioners. The annual budget is prepared in accordance with the basis of accounting utilized by the fund. Budgetary amendments, involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require approval of the Commissioners. All annual appropriations lapse at fiscal year end.

The budget for the General Fund was adopted by the Commissioners on April 23, 1998. The Commissioners authorized line item adjustments, not to exceed original budgeted amounts, which are reflected in the budget comparison.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Commission.

Cash and Cash Equivalents:

Cash includes amounts in interest-bearing demand deposits and cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

NOTES TO FINANCIAL STATEMENTS

Investments:

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of time deposits exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 1999, the Commission's investments consist of non-negotiable certificates of deposit that are reported in the accompanying financial statements at cost plus interest earned and received to date.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Commission is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Restricted Asset:

Pursuant to Louisiana Revised Statute 47:1576, sales taxes paid under protest and the interest earned thereon, shall be placed in an escrow account.

Fixed Assets:

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or if donated, at their estimated market value on the date donated.

Accumulated Compensated Absences:

No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.

Revenue Recognition:

Fees for the collection of sales and use taxes are recorded when the Commission is entitled to the funds which is normally the same month the taxes are collected by the Commission.

NOTES TO FINANCIAL STATEMENTS

Total Column on Combined Statements - Overview:

The total column on the combined balance sheet is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2. Cash, Cash Equivalents, and Investments

At June 30, 1999, the Commission had cash, cash equivalents, and investments (book balances) as follows:

Interest-bearing demand deposits	\$ 39,371
Time deposits	25,000
Investments	602,510
Petty cash	<u>100</u>
	<u>\$ 666,981</u>

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities were held jointly in the name of the pledging fiscal agent bank and the Commission in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the Commission had \$757,422 in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of federal deposit insurance and \$657,422 of pledged securities held by the pledging financial institution's trust department or its agent in the Commission's name (GASB Category 2).

There were no repurchase or reverse repurchase agreements at June 30, 1999.

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in General Fixed Assets

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance June 30, <u>1998</u>	<u>Additions</u>	<u>Dispositions</u>	Balance June 30, <u>1999</u>
Furniture and equipment	\$ <u>58,293</u>	\$ <u>9,158</u>	\$ <u>23,717</u>	\$ <u>67,451</u>

Note 5. Restricted Cash and Liabilities Payable from Same

Restricted cash equivalents of \$602,510 of the General Fund represent sales taxes paid under protest by one local vendor of \$565,395 plus interest of \$37,115 earned on such deposits. During the year ended June 30, 1999, a legal order was issued to the Commission by the local district court to remove from escrow a portion of sales taxes paid under protest, together with the interest accrued there on. Accordingly, the Commission distributed \$42,346 and \$2,845 of sales taxes and interest, respectively, in accordance with its customary procedure.

Note 6. Pension Plan

The Administrator and full time employees of the Commission are members of Municipal Employees' Retirement System of Louisiana (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from Commission funds are eligible to participate in the System. Under Plan A, employees who retire 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% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces 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 or amended by state statute.

NOTES TO FINANCIAL STATEMENTS

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 Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy:

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls or 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 Commission 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 Commission's contributions to the System under Plan A for the years ended June 30, 1999, 1998, and 1997, were \$4,533, \$4,437, and \$4,121, respectively, equal to the required contributions for each year.

Note 7. Changes in Agency Fund Balances

The following is a summary of the sales and use tax collected and paid to the constituents and the General Fund of the Commission for the year ended June 30, 1999:

Collections:	
Sales and use tax collections	<u>\$ 13,190,673</u>
Remittances:	
Taxes distributed:	
Morehouse Parish School Board	\$ 3,975,932
Morehouse Parish Police Jury	3,911,626
Morehouse Parish Sheriff	1,325,136
City of Bastrop	3,743,631
Commission of Mer Rouge	181,412
Commission of Bonita	16,238
Commission of Collinston	8,782
Refunded sales and use tax	26,908
Collection costs reimbursed to General Fund	<u>1,008</u>
Total remittances	<u>\$ 13,190,673</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage for the current year or the three prior fiscal years.

Note 9. Subsequent Event

On August 17, 1999, a mutual agreement of compromise and settlement was reached by the Commission, individually and acting as collection agency for the parish constituents, and the local vendor which had paid the sales taxes under protest referred to in Note 5. The vendor agreed to release all rights to sales and use taxes paid under protest along with all interest accrued thereon and the Commission agreed to not taxing future purchases and/or uses of certain items by the vendor.

The Commission distributed the entire escrow investment balance on August 20, 1999, to the affected constituents with no percentage commission retained by the Commission as it had already collected its budgeted commissions for the fiscal years in which the initial sales and use tax collections had been received by the Commission from the local vendor.

SUPPLEMENTARY INFORMATION

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Current:			
General government:			
Personal services:			
Salaries	\$ 87,363	\$ 81,349	\$ 6,014
Retirement	4,534	4,533	1
Group health insurance	8,204	7,738	466
Payroll taxes	1,682	1,194	488
Workers' compensation insurance	687	376	311
Unemployment insurance	1,000	-	1,000
Total personal services	<u>\$ 103,470</u>	<u>\$ 95,190</u>	<u>\$ 8,280</u>
Operating services:			
Dues and subscription	\$ 700	\$ 1,387	\$(687)
Printed forms	2,000	1,491	509
Postage and permits	4,600	4,633	(33)
Telephone	4,000	3,460	540
Office rent and utilities	8,700	8,583	117
Repairs and maintenance	3,200	2,633	567
Office supplies	3,000	2,099	901
Computer upgrades	3,000	82	2,918
Total operating services	<u>\$ 29,200</u>	<u>\$ 24,368</u>	<u>\$ 4,832</u>
Professional services:			
Bank charges	\$ 30	\$ -	\$ 30
Legal	5,000	13,316	(8,316)
Audit	2,800	2,742	58
Insurance	3,500	3,899	(399)
Total professional services	<u>\$ 11,330</u>	<u>\$ 19,957</u>	<u>\$(8,627)</u>
Travel, education, and audit	<u>\$ 6,000</u>	<u>\$ 6,907</u>	<u>\$(907)</u>
Capital outlay			
Equipment	\$ 5,000	\$ 3,807	\$ 1,193
Furniture	2,000	388	1,612
Total capital outlay	<u>\$ 7,000</u>	<u>\$ 4,195</u>	<u>\$ 2,805</u>
Total general fund expenditures	<u>\$ 157,000</u>	<u>\$ 150,617</u>	<u>\$ 6,383</u>

MOREHOUSE SALES AND USE TAX COMMISSION

YEAR 2000 ISSUE (UNAUDITED)

Year Ended June 30, 1999

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Commission's operations as early as fiscal year 1999.

Morehouse Sales and Use Tax Commission, has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the Commission's operations. Based on this inventory, the Commission has, as of the date of this report, purchased from outside vendors, hardware and software believed to be year 2000 compliant for the financial reporting systems. Testing and validation of the systems are in process as of the date of this report.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Commission is or will be year 2000 ready, that the Commission's remediation efforts will be successful in whole or in part or that parties with whom the Commission does business will be year 2000 ready.

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Morehouse Sales and Use Tax Commission
Bastrop, Louisiana

We have audited the general-purpose financial statements of Morehouse Sales and Use Tax Commission, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the above reportable condition to be a material weakness.

This report is intended for the information and use of management, Board of Commissioners, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties..

Hill, Prager & Co.

September 27, 1999

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
Year Ended June 30, 1999

We have audited the general-purpose financial statements of Morehouse Sales and Use Tax Commission, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditor's Report

Report on Compliance and Internal Control Material to the Financial Statements

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Section II - Financial Statement Findings

1999-1 Inadequate Segregation of Duties (finding was cited in first audit conducted by our firm as of and for the year ended June 30, 1994)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur in the finding, but it is not economically feasible nor does space allow for corrective action to be taken.

Section III - Management Letter

None issued.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 1999

Section I - Compliance and Internal Control Material to Financial Statements

1998-1 Budgeting

Noncompliance with Local Government
Budget Act.

No longer applicable.

1998-2 *Inadequate Segregation of Duties*

Adequate segregation of duties is essential to
proper internal control.

Unresolved -1999-1.

Section II - Management Letter

None issued.