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**Webster Parish Sales and Use Tax Commission
Minden, Louisiana**

**Annual Financial Report
For the Year Ended December 31, 1999**

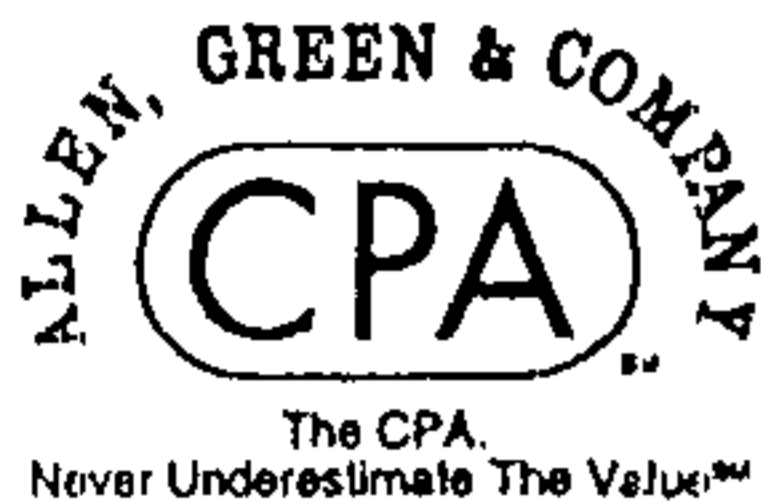
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 09-20-00

**Webster Parish Sales and Use Tax Commission
Annual Financial Report
As of and for the Year Ended December 31, 1999**

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Independent Auditors' Report

Board Members
Webster Parish Sales and Use Tax Commission
Minden, Louisiana

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the Webster Parish Sales and Use Tax Commission, Minden, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. The year ended December 31, 1999 was the first year of operations for the Webster Parish Sales and Use Tax Commission. These general-purpose financial statements are the responsibility of the Webster Parish Sales and Use Tax Commission's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Webster Parish Sales and Use Tax Commission as of December 31, 1999, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued under separate cover, our report dated July 27, 2000, on our consideration of the Webster Parish Sales and Use Tax Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Webster Parish Sales and Use Tax Commission taken as a whole. The accompanying SUPPLEMENTAL INFORMATION, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. 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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Also, the accompanying OTHER INFORMATION, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Webster Parish Sales and Use Tax Commission. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
July 27, 2000

WEBSTER PARISH SALES AND USE TAX COMMISSION

All Fund Types and Account Groups
 Combined Balance Sheet
 December 31, 1999

Statement A

	*****ACCOUNT GROUPS*****			TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 44,206	\$ 0	\$ 0	\$ 44,206
Land, buildings and equipment	0	67,846	0	67,846
Other debits				
Amount to be provided for retirement of general long-term obligations	0	0	28,958	28,958
TOTAL ASSETS AND OTHER DEBITS	\$ 44,206	\$ 67,846	\$ 28,958	\$ 141,010
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 4,862	\$ 0	\$ 0	\$ 4,862
Compensated absences payable	0	0	28,958	28,958
Total Liabilities	\$ 4,862	\$ 0	\$ 28,958	\$ 33,820
Equity and other credits				
Investment in general fixed assets	\$ 0	\$ 67,846	\$ 0	\$ 67,846
Fund Balance:				
Unreserved:				
Undesignated	39,344	0	0	39,344
Total Equity and other credits	\$ 39,344	\$ 67,846	\$ 0	\$ 107,190
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 44,206	\$ 67,846	\$ 28,958	\$ 141,010

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**All Governmental Funds
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1999**

Statement B

	<u>GENERAL FUND</u>
REVENUES	
Local sources:	
Collection fees	\$ 252,103
Interest earned	<u>4,199</u>
Total revenues	<u>\$ 256,302</u>
EXPENDITURES	
Current:	
Office expense	\$ 51,201
Personnel services	133,944
Insurance expense	2,572
Legal expense	3,949
Travel expense	3,396
Utilities	2,938
Furniture and equipment	4,623
Maintenance and repairs	21,113
NSF check expense	1,364
Capital expenditures	<u>14,892</u>
Total expenditures	<u>\$ 239,992</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 16,310
FUND BALANCE AT BEGINNING OF YEAR	<u>23,034</u>
FUND BALANCE AT END OF YEAR	<u>\$ 39,344</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

All Governmental Funds
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Budget (Non-GAAP Basis) and Actual
 For the Year Ended December 31, 1999

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Collection fees	\$ 241,942	\$ 252,103	\$ 10,161
Interest earned	0	4,199	4,199
Total revenues	\$ 241,942	\$ 256,302	\$ 14,360
EXPENDITURES			
Current:			
Office expense	\$ 45,690	\$ 51,201	\$ (5,511)
Personnel services	143,962	133,944	10,018
Insurance expense	3,600	2,572	1,028
Legal expense	9,000	3,949	5,051
Travel expense	3,000	3,396	(396)
Utilities	6,000	2,938	3,062
Furniture and equipment	10,800	19,515	(8,715)
Maintenance and repairs	19,650	21,113	(1,463)
NSF check expense	240	1,364	(1,124)
Total expenditures	\$ 241,942	\$ 239,992	\$ 1,950
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 16,310	\$ 16,310
FUND BALANCE AT BEGINNING OF YEAR	0	23,034	23,034
FUND BALANCE AT END OF YEAR	\$ 0	\$ 39,344	\$ 39,344

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

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Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Webster Parish Sales and Use Tax Commission 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 The Webster Parish Sales and Use Tax Commission has been formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Serepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is comprised of nine members, one appointed by each taxing body. Each Commissioner will have one vote with the exception of those who represent taxing bodies that have revenues in excess of one million dollars, which will have two votes.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a *primary government*, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget and set its own rates or charges. The Commission also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the appointed Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship.

B. FUNDS AND ACCOUNT GROUPS The accounts of the Commission are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Funds of the Commission are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the Commission's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund — the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission. Trust funds account for assets held by the government under the terms of a normal trust agreement.

Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

Sales tax collection agency fund – accounts for monies collected on behalf of other taxing authorities within the parish.

Account Groups The *general fixed assets group* is used to account for fixed assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental Funds 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 recognized when susceptible to accrual (i.e., when they are "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 government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which is when the taxes are collected.

Interest income is recorded monthly as interest is earned.

Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Commission holds for others in an agency capacity.

D. BUDGETS

General Budget Policies The Commission follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires budgets be adopted for the general fund.

Each year, no later than fifteen days prior to the beginning of each fiscal year, the Administrator submits to the Commission the proposed annual budget for the general fund. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Commission. All budget revisions are approved by the Commission.

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting The general fund budget is prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Commission. Legally, the Commission must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments 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 and national banks having their principal offices in Louisiana.

Under state law, the Commission may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, except for investments in deferred compensation agency fund, which are reported at market.

F. INVESTMENTS Investments are limited by LSA-R.S. 33:2955 and the Commission's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure as per GASB Statement No. 31.

G. INVENTORY Inventories of the governmental fund-type are recorded as expenditures as purchased.

H. FIXED ASSETS Fixed assets used in governmental fund types of the Commission are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

I. COMPENSATED ABSENCES All 12-month employees earn from 5 to 20 days of noncumulative vacation leave each year. Upon separation of employment, an employee shall be compensated for all unused vacation leave based on his salary at the date of discharge or resignation.

All 12-month employees earn 12 days of sick leave each year. Sick leave can be accumulated up to a maximum of 60 days.

Upon retirement or death, unused accumulated sick leave is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Municipal Employees Retirement System of Louisiana, all unpaid sick leave is used in the retirement benefit computation as earned service.

The Commission's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as liability as the benefits are earned by the employees if both of the following conditions are met:

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

- A. The employees' right to receive compensation is attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Only the current portion of the liability for compensated absences is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is reported in the general long-term obligations account group.

J. LONG-TERM OBLIGATIONS The Commission reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

K. FUND EQUITY

Reserves Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

Designated Fund Balances Designations of fund balance represent tentative management plans that are subject to change.

L. MEMORANDUM ONLY - TOTAL COLUMNS Total columns on the general-purpose financial statements are captioned as "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in aggregation of this data.

M. USE OF 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 disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - BUDGET/GAAP RECONCILIATION The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual for the general fund, to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance for the general fund:

	<u>General Fund</u>
Fund balances, end of the year (budget)	\$ 39,344
Expenditures	
Current:	
Furniture and equipment	(14,892)
Capital expenditures	<u>14,892</u>
Fund balances, end of the year (GAAP)	<u>\$ 39,344</u>

For the general fund, budget/GAAP reporting differences are a result of the reclassification of capital expenditures.

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS At December 31, 1999, the Commission has cash and cash equivalents (book balances) totaling \$44,206 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these 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 fair 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 are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Commission's carrying amount of deposits was \$44,206 and the bank balance was \$503,954. Of the bank balance, \$100,000 is covered by federal depository insurance (GASB Category 1). The remaining balance of \$403,954 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (GASB Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - FIXED ASSETS The changes in general fixed assets follow:

	Balance January 1, 1999	Additions	Deletions	Balance December 31, 1999
Equipment	\$52,052	\$ 5,474	\$ -	\$57,526
Furniture and fixtures	902	9,418	-	10,320
Total	\$52,954	\$14,892	\$ -	\$67,846

The beginning balance of fixed assets is the total of fixed assets transferred to the Commission upon its creation by the Webster Parish School Board.

NOTE 5 - RETIREMENT SYSTEMS Substantially all Commission employees participate in the Teachers' Retirement System or the Municipal Employees Retirement System of Louisiana, which are a cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Pertinent information relative to each plan is as follows:

Teachers' Retirement System

Plan description Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. All Commission employees participate in the Teachers' Regular Plan. Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

TRS issues an annual financial report. The report can be obtained by telephoning or writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, (225) 925-6446.

Funding Policy Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The Commission's employer contribution for the TRS, as provided by state law, is funded by the state of Louisiana through annual appropriations and by remittances from the Commission.

**Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements**

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 1999 are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	\$6,137	\$12,160

Total covered payroll of the Commission for TRS - Regular Plan for the year ended December 31, 1999 amounted to \$76,717. Employer contributions for the year ended December 31, 1999 is as follows:

	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution <u>Paid</u>
<u>Fiscal Year Ending</u> December 31, 1999	\$13,520	89.94%

Annual actuarially required contributions for the plan above is based on the plan's annual financial report for the year ended June 30, 1999 which is the latest information available.

Municipal Employees Retirement System of Louisiana

Plan Description The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Commission is eligible to participate in Plan A.

With respect to Plan A, employees who retire at or after age 60 with at least ten years of service, at or after age 55 with at least 25 years of service, or at any age with at least 30 years of 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. 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 or amended by state statute.

The System issues an annual financial report. The report can be obtained by telephoning or writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, (225) 925-4810.

Funding Policy Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one 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. Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 1999 are as follows:

	<u>Employee</u>	<u>Employer</u>
Municipal Employees Retirement System of Louisiana, Plan A	\$2,371	\$1,474

Total covered payroll of the Commission for MERS - Plan A for the year ended December 31, 1999 amounted to \$25,630. Employer contributions for the year ended December 31, 1999 is as follows:

	Annual Actuarially Required Contribution	Percentage of Annual Required Contribution <u>Paid</u>
<u>Fiscal Year Ending</u> December 31, 1999	\$1,474	100.00%

Annual actuarially required contributions for the plan above is based on the plan's annual financial report for the year ended June 30, 1998 which is the latest information available.

Webster Parish Sales and Use Tax Commission
Notes to the General-Purpose Financial Statements

NOTE 6 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables of \$4,862 at December 31, 1999, are as follows:

	<u>General Fund</u>
Payroll withholdings	<u>\$4,862</u>

NOTE 7 - COMPENSATED ABSENCES At December 31, 1999, employees of the Webster Parish Sales and Use Tax Commission have accumulated and vested \$28,958 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$28,958 is recorded within the general long-term debt account group.

NOTE 8 - AGENCY FUND DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others follows:

	<u>Balance</u> <u>January 1,</u> <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>1999</u>
Sales tax collection	<u>\$ -</u>	<u>\$16,771,242</u>	<u>\$16,771,242</u>	<u>\$ -</u>

NOTE 9 - GENERAL LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended December 31, 1999:

	<u>Compensated Absences</u>
Balance, beginning of year	\$ 26,895
Additions	9,131
Deductions	<u>(7,068)</u>
Balance, end of year	<u>\$ 28,958</u>

NOTE 10 - OPERATING LEASES The Commission leases office facilities under a noncancellable operating lease. Total costs for such lease was \$18,250 for the year ended December 31, 1999. The future minimum lease payments for this lease is as follows:

Fiscal year 2000	<u>\$19,800</u>
------------------	-----------------

NOTE 11 - RISK MANAGEMENT The Commission is fully insured for workers' compensation with a deductible of \$100,000 per accident. The Commission is also at risk for property damage, liability and theft which are covered by insurance policies.

NOTE 12 - BEGINNING ASSETS The Commission began existence as an independent entity on January 1, 1999. Upon creation the Webster Parish School Board transferred the following assets to the Commission:

Cash	\$23,034
Fixed assets	<u>52,954</u>
Total assets	<u>\$75,988</u>

NOTE 13 - LITIGATION AND CLAIMS

Litigation At December 31, 1999, the Commission is involved in a few matters involving litigation. It is the opinion of the legal advisor for the Commission that ultimate resolution of these lawsuits would not materially affect the financial statements.

Webster Parish Sales and Use Tax Commission

AGENCY FUND

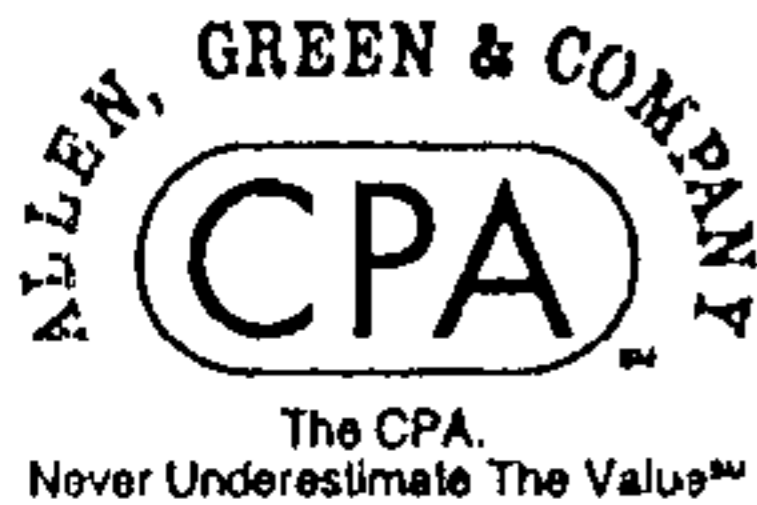
SALES TAX COLLECTION FUND The sales tax collection agency accounts for monies collected on behalf of the other taxing authorities in Webster Parish. Upon receipts of sales tax returns and monies, the Commission issues checks to other taxing authorities periodically throughout each month.

WEBSTER PARISH SALES AND USE TAX COMMISSION

SALES TAX COLLECTION FUND
 Schedule of Changes in Deposits Due Others
 For the Year Ended December 31, 1999

Exhibit 1

DEPOSIT BALANCE AT BEGINNING OF YEAR	\$	<u>0</u>
ADDITIONS		
Sales tax collections	\$	<u>16,771,242</u>
DEDUCTIONS		
Transfer to General Fund - Sales Tax Collection Fee	\$	252,104
Payments to:		
Parish School Board		8,329,957
Parish Police Jury		2,063,445
City of Minden		3,728,884
City of Springhill		1,799,211
Town of Cotton Valley		46,920
Town of Cullen		127,994
Town of Sibley		112,792
Town of Sarepta		30,431
Village of Dixie Inn		140,222
Visitor's & Convention Bureau		39,090
Fees for Audit of Sales Tax Vendors		32,777
Other Expenses:		32
Refunds		<u>67,383</u>
Total deductions:	\$	<u>16,771,242</u>
DEPOSIT BALANCE AT END OF YEAR	\$	<u>0</u>



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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 Members
Webster Parish Sales and Use Tax Commission
Minden, Louisiana

We have audited the financial statements of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 1999, and have issued our report thereon dated July 27, 2000. 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 Webster Parish Sales and Use Tax Commission financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 99-F1 and 99-F2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Webster Parish Sales and Use Tax 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. 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 reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Management Letter Items

However, we noted a matter involving the internal control over financial reporting, which we have reported to the management of the Webster Parish Sales and Use Tax Commission in a separate letter dated July 27, 2000, included later in this report.

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

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
July 27, 2000

Webster Parish Sales and Use Tax Commission

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1999

Reference # and title: 99-F1 Late Filing of Audit Report

Condition: State statute requires an audit report to be filed within six months of the year-end of the government. The audit report as of and for the year ended December 31, 1999 was filed after the six-month period. Being that the year ended December 31, 1999 was the first year of operations for the Commission, management was unaware of the filing requirement. The audit contract, as approved by the Louisiana Legislative Auditor, stipulated that the report be filed by September 15, 2000.

Recommendations to prevent future occurrences: Future audit reports should be filed within six months of year-end.

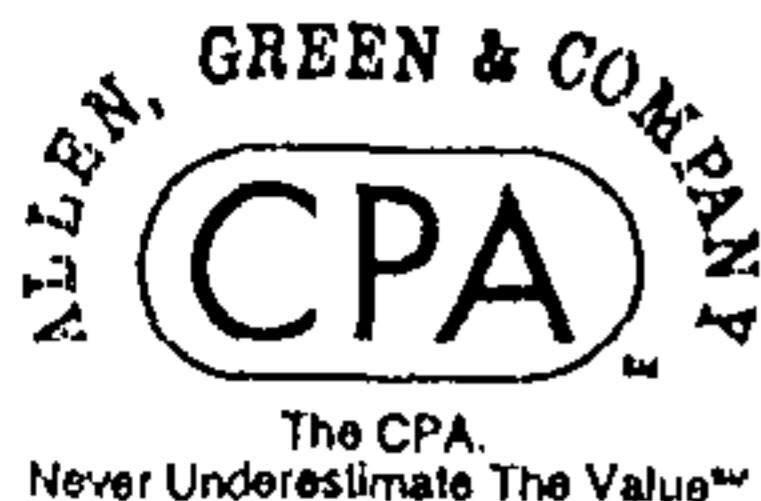
Management's response: I was unaware of the time requirements for filing of audit reports. I requested a bid from a local CPA firm in March, but due to severe family problems, I failed to complete the audit firm selection within the required time-frame. The audit for year 2000 will be filed within six months of the year-end.

Reference # and title: 99-F2 Unsecured Deposits

Condition: Louisiana Revised Statutes Title 39 - Public Finance - addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA-R.S. 39:1225, require that fiscal agents of a depositing authority, such as the Commission, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221. At December 31, 1999, the Commission had \$503,954 on deposit with one depository, FDIC covered \$100,000 of deposits and the remaining \$403,954 was uncollateralized. Management was unaware of the requirement to collateralize deposits exceeding FDIC coverage resulting in deposits being undercollateralized as of December 31, 1999. Per confirmation from the bank, deposits were collateralized as of March 7, 2000.

Recommendations to prevent future occurrences: Pledged collateral should be monitored by the Commission to ensure all funds are collateralized in accordance with state statute.

Management's response: I was unaware of the requirements to collateralize deposits exceeding FDIC coverage. Deposits were collateralized as of March 7, 2000, and will be monitored to ensure all funds are collateralized in accordance with state statutes.



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Management Letter

Board Members
Webster Parish Sales and Use Tax Commission
Minden, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Webster Parish Sales and Use Tax Commission, Minden, Louisiana as of and for the year ended December 31, 1999, we considered the Commission's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving internal control that is presented for your consideration. This letter does not affect our report dated July 27, 2000, on the financial statements of the Commission. We will review the status of this comment during our next audit engagement. Our comment and recommendation which has been discussed with management is intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Management's response has also been included. We have performed no audit work to verify the content of the response.

99-M1 Internal Control of Cash Receipts

Condition: Internal control in place over cash receipts should ensure deposits being made are complete, timely, and intact. The cash receipts issued by the Commission were not prenumbered and were filed away with the tax return, making it difficult to trace cash from receipt to deposit.

Recommendations to prevent future occurrences: Prenumbered, multiple copy receipts should be issued for all cash received by the Commission. One copy should be given to the remitter and the remaining copy should be kept intact in the receipt book. A third optional copy could be filed with the sales tax return. The current supply of unnumbered receipts should be destroyed.

Management's response: A new supply of pre-printed numbered receipt books will be used for all cash payments. One copy will be given to the remitter and one copy will remain intact in the receipt book.

* * * * *

Being that 1999 was the first year of operations for the Commission, no prior management letter was issued. Accordingly, there are no prior items for which the status need be reported.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

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

Allen, Green & Company

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
July 27, 2000