

4603

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR
96 DEC 27 PM 1:31

ASCENSION PARISH SALES AND USE TAX AUTHORITY

DONALDSONVILLE, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 12 1997



Postlethwaite & Netterville

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

BATON ROUGE • DONALDSONVILLE • GONZALES • NEW ORLEANS • ST. FRANCISVILLE
LOUISIANA

ASCENSION PARISH SALES AND USE TAX AUTHORITY

DONALDSONVILLE, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1996



TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Combined Balance Sheet - Fund Type and Account Groups	2
Notes to the Financial Statements	3 - 7
Other Reports Required by <u>Government Auditing Standards</u> :	
Independent Auditors' Report on Internal Control Structure Based on An Audit of the Financial Statements Performed in Accordance with Governmental Auditing Standards	8 - 9
Independent Auditors' Report on Compliance With Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10 - 11



Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ascension Parish Sales and Use
Tax Authority
Donaldsonville, Louisiana

We have audited the general purpose financial statements of the Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the Ascension Parish Sales and Use Tax Authority'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 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 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 Ascension Parish Sales and Use Tax Authority as of and for the year ended June 30, 1996, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated December 18, 1996 on our consideration of Ascension Parish Sales and Use Tax Authority's internal control structure and on its compliance with laws and regulations.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 18, 1996

ASCENSION PARISH SALES AND USE TAX AUTHORITY

Donaldsonville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Ascension Parish Sales and Use Tax Authority was created October 5, 1989 for the purpose of collecting, administering and distributing the various sales and use taxes levied by entities within Ascension Parish and the occupational license tax for the Ascension Parish Council. The Authority is governed by a Board of Directors. The Board is composed of the Chief Administrative Officer (or appointee) for each governing authority of any participating entity having a history of collecting in excess of \$1,000,000 of sales taxes for two consecutive years. As of year end, the Board consisted of a member of the Ascension Parish School Board, Ascension Parish Council and the City of Gonzales.

1. Summary of Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, the Authority includes all funds and account groups that are within oversight responsibility of the Authority.

B. Fund Accounting

The financial transactions of the Ascension Parish Sales and Use Tax Authority are recorded in an agency fund and an account group. The operations of the agency fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities which are not recorded in the fund because they do not affect net expendable available financial resources.

The Ascension Parish Sales and Use Tax Authority uses the following, fund type and account group:

Fiduciary Fund Type:

Agency Fund - The Agency Fund is used to account for assets held by the Ascension Parish Sales and Use Tax Authority in a trustee capacity or as an agent for the taxing authorities at (Note C).

Account Group

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for all fixed assets of the Ascension Parish Sales and Use Tax Authority.

General Long Term Debt Account Group - The General Long Term Debt Account Group is used to account for noncurrent liabilities.



ASCENSION PARISH SALES AND USE TAX AUTHORITY
Donaldsonville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

C. Basis of Accounting

Agency Funds are accounted for on the modified accrual basis of accounting. Collections of sales taxes are recognized when received and expenditures are recognized when the related fund liability is incurred.

D. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

E. Fixed Assets

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Assets Account Group at historical cost.

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>June 30, 1996</u>
Beginning balance	\$ 49,677
Additions	4,544
Deletions	<u>-</u>
Ending balance	<u>\$ 54,221</u>

F. Cash and Cash Equivalents

State law authorizes the Ascension Parish Sales and Use Tax Authority to deposit tax collections in a bank domiciled in the parish where the funds are collected. Furthermore, the Ascension Parish Sales and Use Tax Authority may invest these deposits in certificates of deposit or other investments permitted by law.

ASCENSION PARISH SALES AND USE TAX AUTHORITY

Donaldsonville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

G. Participating Entities

As of June 30, 1996, the Authority collected taxes for the following entities.

1. Ascension Parish Council
2. Ascension Parish School Board
3. Ascension Parish District Number Two
4. City of Donaldsonville
5. City of Gonzales
6. City of Sorrento
7. East Ascension Drainage District
8. West Ascension Hospital Service District

H. Compensated Absences

Employees accrue 12 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon death or retirement, unused accumulated sick leave of up to 45 days is paid to employees or their heirs at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 45-day maximum per employee. Sick leave is payable upon discharge or termination.

All employees earn 10 to 20 days of annual vacation leave per year depending on length of service with the School Board. Such leave is credited on a pro rata basis at the end of each payroll reported period and accumulates until the individual has 50 days. Annual leave is not paid upon termination of employment.

In Governmental Fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expenditure in the year claimed. Sick leave has been accrued as of the end of the fiscal year is valued using employees' current rates of pay, and the total is included in the General Long-Term Obligations Account Group. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick and vacation leave forfeited when employees resign or retire.

2. Cash

At year end, the carrying amount of the Authority's deposits was \$3,717,279 and the bank balance was \$3,166,406. Of the bank balance, \$100,000 was covered by federal depository insurance, \$2,389,113 was covered by collateral held by the pledging bank's agent but not in the Authority's name and \$626,452 was uninsured and uncollateralized. The uninsured and uncollateralized portion is in violation of Louisiana Revised Statutes.



ASCENSION PARISH SALES AND USE TAX AUTHORITY

Donaldsonville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

3. Taxes Paid Under Protest/Litigation

The Authority has various suits against it protesting taxes paid under protest. The amount of taxes paid under protest at June 30, 1996 was \$50,688. The ultimate resolution of these suits cannot be determined.

4. Changes in Agency Fund Deposits Due Others

A summary of changes in agency fund deposits due others follows:

	<u>June 30, 1996</u>
Balance, beginning of year	\$ <u>3,178,859</u>
Additions	
Taxes and licenses collected	43,093,060
Interest	59,370
Other	-
	<u>43,152,430</u>
Reductions	
Taxes paid - School Board	20,786,699
- Parish Council	6,938,018
- Drainage District	4,603,146
- Gonzales	4,295,711
- District No. 2	3,267,151
- Donaldsonville	1,022,067
- Hospital District	596,076
- Sorrento	188,249
- Occupational License	578,851
- Tax Free	22,510
- Operating Expenses	<u>369,262</u>
	<u>42,667,740</u>
Balance, end of year	\$ <u>3,663,549</u>



ASCENSION PARISH SALES AND USE TAX AUTHORITY

Donaldsonville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

5. Defined Benefit Pension Plans and Postemployment

Substantially all employees of the Authority are members of Teachers Retirement Systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by a board of trustees. Pertinent information relative to the each plan follows:

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 16.5 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirements Systems' Actuarial Committee. The School Board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board.

The School Board's contributions to the TRS for the years ended June 30, 1996, 1995, and 1994, were \$36,501, \$33,546, and \$27,516, respectively, equal to the required contributions for each year.



OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS





Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Directors
Ascension Parish Sales and
Use Tax Authority
Donaldsonville, Louisiana

We have audited the accompanying general purpose financial statements of the Ascension Parish Sales and Use Tax Authority as of June 30, 1996, and have issued our report thereon dated December 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Ascension Parish Sales and Use Tax Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Ascension Parish Sales and Use Tax Authority for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

The report is intended for the information of the Ascension Parish Sales and Use Tax Authority and management. However, this report is a matter of public record and its distribution is not limited.

Postlethwaite & Metterville

Donaldsonville, Louisiana
December 18, 1996



Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Ascension Parish Sales and
Use Tax Authority
Donaldsonville, Louisiana

We have audited the general purpose financial statements of the Ascension Parish Sales and Use Tax Authority as of June 30, 1996, and have issued our report thereon dated December 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws and regulations applicable to the Ascension Parish Sales and Use Tax Authority is the responsibility of the Ascension Parish Sales and Use Tax Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards, for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that my result has been recognized in the Authority's 1996 financial statements.

Condition:	Louisiana Revised Statute 39:1221 requires that local depositing authorities require security for their deposits. At June 30, 1996, the Authority's deposits were not sufficiently collateralized in the amount of \$626,452.
Cause:	No one from the Authority's office was monitoring the deposits and collateral.
Recommendation:	The Authority should appoint someone to monitor the collateral pledged to its deposits.
Management's response:	We concur with the recommendation.

We considered these instances of noncompliance in forming our opinion on whether the Ascension Parish Sales and Use Tax Authority's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 18, 1996, on those general purpose financial statements.

This report is intended for the information of the Ascension Parish Sales and Use Tax Authority. However, this report is a matter of public record and its distribution is not limited.

Postthwaite & Nettville

Donaldsonville, Louisiana
December 18, 1996