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**DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana**

**Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 2004  
With Supplemental Information Schedules**

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 11-10-04

**MARY JO FINLEY, CPA, INC.**  
**A PROFESSIONAL CORPORATION**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

Annual Financial Statements  
As of and for the Year Ended June 30, 2004  
With Supplemental Information Schedules

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DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Arcadia, Louisiana  
Contents, June 30, 2004

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**MARY JO FINLEY, CPA, INC.**

A PROFESSIONAL CORPORATION

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Independent Auditor's Report**

DESOTO PARISH SALES AND  
USE TAX COMMISSION  
Mansfield, Louisiana

I have audited the basic financial statements of the DeSoto Parish Sales and Use Tax Commission, as of June 30, 2004, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the DeSoto Parish Sales and Use Tax Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the DeSoto Parish Sales and Use Tax Commission as of June 30, 2004, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

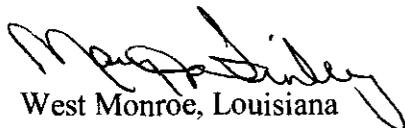
As described in Note 1 to the financial statements, the tax commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis--for State and Local Governments*, as of June 30, 2004.

Management's discussion and analysis, and supplementary information on pages 6 through 9 and 27 through 28, respectively are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and reviewing the source of selected information. However, I did not audit the information and express no opinion on it.

DESOTO PARISH SALES AND  
USE TAX COMMISSION  
Mansfield, Louisiana  
Independent Auditor's Report,  
June 30, 2004

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the DeSoto Parish Sales and Use Tax Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 1, 2004, on the DeSoto Parish Sales and Use Tax Commission's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

  
West Monroe, Louisiana  
October 1, 2004

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

Mansfield, Louisiana

## Management's Discussion and Analysis

June 30, 2004

As management of the DeSoto Parish Sales and Use Tax Commission, I offer readers of the DeSoto Parish Sales and Use Tax Commission's financial statements this narrative overview and analysis of the financial activities of the DeSoto Parish Sales and Use Tax Commission for the fiscal year ended June 30, 2004. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Tax commission's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the tax commission's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2005.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the DeSoto Parish Sales and Use Tax Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the DeSoto Parish Sales and Use Tax Commission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the DeSoto Parish Sales and Use Tax Commission is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DeSoto Parish Sales and Use Tax Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DeSoto Parish Sales and Use Tax Commission can be divided into two categories: governmental funds and fiduciary (agency) funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The DeSoto Parish Sales and Use Tax Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the DeSoto Parish Sales and Use Tax Commission's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** in addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information* concerning the DeSoto Parish Sales and Use Tax Commission's performance.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the DeSoto Parish Sales and Use Tax Commission exceeded liabilities by \$428,239. The largest portion of the DeSoto Parish Sales and Use Tax Commission's net assets reflects its investment in capital assets (e.g., buildings and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

An additional portion of the DeSoto Parish Sales and Use Tax Commission's net assets represents resources that are subject to external restrictions (e.g., compensated absences). The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the DeSoto Parish Sales and Use Tax Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation assets having been included in the statement of net assets for the first time.

Since this is the first year of implementing the new reporting model, comparative information is not available for further government-wide financial analysis. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

### **Financial Analysis of the Government's Funds**

As noted earlier, the DeSoto Parish Sales and Use Tax Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004, governmental fund balances of \$12,489 showed an increase of \$2,302 over June 30, 2003. Of this fund balance, \$12,427 is unreserved and undesignated.

A portion of the governmental fund balance is reserved for compensated absences. The reserved fund balance of \$62 increased by approximately \$2. DeSoto Parish Sales and Use Tax Commission anticipates that this amount will increase in future years to accommodate the liability for future payments.

### **General Fund Budgetary Highlights**

Differences between expenditures of the original budget and the final budget were due primarily to increases in anticipated capital outlay expenditures.

### **Capital Asset and Debt Administration**

**Capital assets.** The DeSoto Parish Sales and Use Tax Commission's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$418,678 (net of accumulated depreciation). This investment includes buildings, furniture and equipment. The increase in capital assets for the year was \$13,959.

The reduction in capital assets is primarily attributable to the implementation of a capitalization threshold established by the tax commission at the beginning of the fiscal year. The tax commission anticipates that the new capitalization threshold will provide better management and accountability for capital assets.

**Long-term debt.** The DeSoto Parish Sales and Use Tax Commission has no debt outstanding.

## **Requests for Information**

This financial report is designed to provide a general overview of the DeSoto Parish Sales and Use Tax Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the DeSoto Parish Sales and Use Tax Commission, P.O. Box 927, Mansfield, LA 71052.

*John W. Robinette*

October 1, 2004

**BASIC FINANCIAL STATEMENTS**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

STATEMENT OF NET ASSETS  
June 30, 2004

**ASSETS**

Cash and cash equivalents	\$324,335
Capital assets (net of accumulated depreciation)	<u>418,678</u>
<b>TOTAL ASSETS</b>	<u><b>743,013</b></u>

**LIABILITIES**

Due to taxing bodies	311,846
Compensated absences payable	<u>2,928</u>
<b>TOTAL LIABILITIES</b>	<u><b>314,774</b></u>

**NET ASSETS**

Invested in capital assets, net of related debt	418,678
Restricted for Compensated absences	62
Unrestricted	<u>9,499</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$428,239</b></u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

STATEMENT OF ACTIVITIES  
June 30, 2004

Finance and administrative:	
Personal services and related benefits	\$189,593
Operating services	39,372
Materials and supplies	5,891
Travel	8,634
Depreciation expense	<u>26,557</u>
Total Program Expenses	<u>270,047</u>
Program revenues:	
Fees, charges, and commissions for services	<u>260,641</u>
Net Program Expenses	(9,406)
General revenues - Interest earned	<u>159</u>
Change in Net Assets	(9,247)
Net Assets - Beginning of year	<u>437,486</u>
Net Assets - End of year	<u><u>\$428,239</u></u>

The accompanying notes are an integral part of this statement.

**Statement C**

**DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
GOVERNMENTAL FUNDS**

Balance Sheet, June 30, 2004

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$324,335</u>
<b>LIABILITIES AND FUND EQUITY</b>	
Liabilities - Due to taxing bodies	\$311,846
Fund Equity, fund balance:	
Reserved for compensated absences	62
Unreserved - undesignated	<u>12,427</u>
Total Fund Equity	<u>12,489</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$324,335</u>

The accompanying notes are an integral part of this statement.

**Statement D**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets

For the Year Ended June 30, 2004

Total Fund Balances at June 30, 2004 - Governmental Funds (Statement C)		<u>\$12,489</u>
Cost of capital assets at June 30, 2004	\$500,507	
Less: Accumulated depreciation as of June 30, 2004	<u>(81,829)</u>	<u>418,678</u>
Long term liabilities at June 30, 2004:		
Compensated absences payable		<u>(2,928)</u>
Net Assets at June 30, 2004		<u><u>\$428,239</u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures  
and Changes in Fund Balance

For the Year Ended June 30, 2004

**REVENUES**

Fees, charges, and commissions for services	\$260,641
Use of money and property	<u>159</u>
Total revenues	<u>260,800</u>

**EXPENDITURES**

## Finance and administrative:

## Current:

Personal services and related benefits	190,642
Operating services	39,372
Materials and supplies	5,891
Travel and other charges	8,634
Capital outlay	<u>13,959</u>
Total expenditures	<u>258,498</u>

**EXCESS OF REVENUES****OVER EXPENDITURES**

2,302

**FUND BALANCE AT BEGINNING OF YEAR**10,187**FUND BALANCE AT END OF YEAR**\$12,489

The accompanying notes are an integral part of this statement.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2004

Total net change in fund balances - governmental funds (Statement E)	\$2,302
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay for the period.	(12,598)
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>1,049</u>
Change in net assets of governmental activities (Statement B)	<u><u>(\$9,247)</u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Statement of Fiduciary Net Assets - Agency Fund

June 30, 2004

**ASSETS**

Cash and cash equivalents

\$3,000

**LIABILITIES**

Due to others

\$3,000

The accompanying notes are an integral part of this statement.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

*Notes to the Financial Statements*  
As of and For the Year Ended June 30, 2004

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the DeSoto Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The commission is comprised of five members, two each selected from the DeSoto Parish School Board and the DeSoto Parish Police Jury and one selected from the City of Mansfield, in accordance with a joint agreement of the agencies. The commissioners serve for indefinite terms and without benefit of compensation.

The accompanying financial statements of the DeSoto Parish Sales and Use Tax Commission have been prepared in conformity with U.S. 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the tax commission’s activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**A. REPORTING ENTITY**

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The DeSoto Parish Sales and Use Tax Commission was created as a political subdivision of the state under the provisions of Article VII, Section 3, of the Louisiana Constitution of 1974. Commission board members are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the commission is the

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

*collector for all sales and use taxes within the parish. Based on the above, the commission was determined to be a separate governmental reporting entity. The commission includes all funds, account groups, activities, et cetera, that are within the primary responsibility of the commission. Certain units of local government over which the commission exercises no primary responsibility, such as the DeSoto Parish Police Jury, School Board, Assessor, Clerk of Court, and municipalities within the parish, are excluded from the accompanying financial statements. These units of local government are governed by independently elected officials. They are neither controllable by nor answerable to the DeSoto Parish Sales and Use Tax Commission. Further, their operations do not require the approval of the commission nor is the commission legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the DeSoto Parish Sales and Use Tax Commission.*

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The commission's basic financial statements include both government-wide (reporting the commission as a whole) and fund financial statements (reporting the commission's major fund). Both government-wide and fund financial statements categorize primary activities as *either governmental or business type. All activities of the commission are classified as governmental.*

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the commission, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; *invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The commission first uses restricted resources to finance qualifying activities.*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the commission's general revenues.

**Allocation of Indirect Expenses** - The commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The commission's current operations require the use of governmental and fiduciary funds as described below:

#### **Governmental Fund Type - General Fund**

The General Fund is the principal fund and is used to account for the operations of the commission. The commission's primary source of revenue is fees for the

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

collection of sales and use taxes. General operating expenditures are paid from this fund.

**Fiduciary Fund Type - Sales Tax  
Collection Agency Fund**

The Sales Tax Collection Agency Fund is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities within the parish. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**D. BASIS OF ACCOUNTING**

*Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.*

**1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

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 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 normally the same month the taxes are collected.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

*Based on the above criteria, fees, charges, and commissions for services are treated as susceptible to accrual.*

**Expenditures:**

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

**E. CASH**

Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the commission has cash (book balances) totaling \$327,335.

*These deposits are stated at cost, which approximates market. 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 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 are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2004, total \$333,093 fully secured by federal deposit insurance.*

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The commission maintains a threshold level of \$100 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**G. VACATION AND SICK LEAVE**

All employees earn from 10 to 20 days vacation leave each year depending on length of service. Unused vacation leave may be carried forward to the succeeding year up to a maximum of 60 days and is paid to employees upon separation from service.

All employees receive one day of sick leave per month. Sick leave may be accumulated, however upon separation from service, all unused sick leave is forfeited.

At June 30, 2004, employees of the commission have accumulated \$2,928 of employee leave benefits, computed in accordance with GASB Codification Section C60.

**H. RISK MANAGEMENT**

The sales tax commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering;

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and omissions claims paid policy. No claims have been filed on the policy during the past three years nor is the commission aware of any unfiled claims.

**2. CHANGES IN GENERAL FIXED ASSETS**

The following schedule presents changes in buildings, office furnishings and equipment for the year ended June 30, 2004:

Adjusted balance, June 30, 2003	\$492,326
Additions	13,959
Deletions	<u>(5,778)</u>
Balance, June 30, 2004	500,507
Less accumulated depreciation	<u>(81,829)</u>
Net Capital Assets	<u><u>\$418,678</u></u>

**3. PENSION PLAN**

All employees of the commission are members of the Louisiana Teachers' Retirement System (TRS) under an agreement with the DeSoto Parish School Board. This system is a cost-sharing, multiple-employer defined benefit pension plan. Pertinent information relative to the plan follows:

The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. Employees of the commission are members of the Regular Plan. 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.

Plan members are required to contribute 8.0 percent of their annual covered salary. The commission is required to contribute at an actuarially determined rate. The current rate is 13.8 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The 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 commission.

The commission's contributions to the TRS for the years ending June 30, 2004, 2003, and 2002, were \$15,840, \$18,459, and \$17,313, respectively, equal to the required contributions for each year.

**4. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in sales tax collection agency fund balance due to others follows:

Balance at July 1, 2003	\$3,000
Additions	12,026,427
Deductions	<u>(12,026,427)</u>
Balance at June 30, 2004	<u><u>\$3,000</u></u>

**5. FUND BALANCE RESERVE**

To provide assurances that it will be financially able to pay all compensated absence liabilities, the commission has set up a reserve account to fund those expenditures as they occur. The following schedule provides detail on changes in the reserve during the year ended June 30, 2004.

Balance on hand at July 1, 2003	\$60
Interest	<u>2</u>
Balance on hand at June 30, 2004	<u><u>\$62</u></u>

**6. LITIGATION AND CLAIMS**

In the opinion of the commission's legal counsel, the commission is not involved in any litigation at June 30, 2004, that would materially affect the financial position of the commission nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Fees, charges, and commissions for services	\$257,825	\$260,600	\$260,641	\$41
Use of money and property - interest earnings	200	200	159	(41)
Total revenues	<u>258,025</u>	<u>260,800</u>	<u>260,800</u>	<u>NONE</u>
<b>EXPENDITURES</b>				
Finance and administrative				
Current:				
Personal services and related benefits	194,825	191,643	190,643	1,000
Operating services	46,703	47,025	39,372	7,653
Materials and supplies	5,368	7,039	5,891	1,148
Travel and other charges	5,250	8,300	8,634	(334)
Capital outlay	5,879	16,918	13,958	2,960
Total expenditures	<u>258,025</u>	<u>270,925</u>	<u>258,498</u>	<u>12,427</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	NONE	(10,125)	2,302	(12,427)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	NONE	10,125	10,187	(62)
<b>FUND BALANCE AT END OF YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>\$12,489</u>	<u>(\$12,489)</u>

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2004

*During March and April the administrator prepares a preliminary budget for presentation to the commission. In accordance with adopted policies of the commission, the budget document must include the following:*

- 1. A budget message, signed by the administrator, which includes a summary description of the most important features and objectives of the budget.*
- 2. A budget summary listing, by account group.*
- 3. A proposed budget adoption resolution for the city, school board, and police jury.*

*The commission then reviews the proposed budget, makes any changes it deems appropriate, and approves the budget for submission to the taxing bodies on or before May 1. The city, school board, and police jury, no later than June 15, approve or reject the budget.*

*During the year, the administrator is authorized, subject to approval of the commission, to make changes within budget classifications as he may deem appropriate. However, any reallocation of budgeted amounts in excess of 5% of total revenues, total expenditures, and/or beginning fund balance, must be approved in advance by the city, school board, and police jury.*

*Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original budget amounts and any subsequent amendments.*

**OTHER SUPPLEMENTARY INFORMATION**

**PART III**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 2003

**GOVERNMENTAL FUND TYPE - GENERAL FUND**

The General Fund is used to account for the general operating expenditures of the commission. Schedule 2 provides a detail of expenditures, by category, for the General Fund.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL FUND

Schedule of Expenditures, By Character  
For the Year Ended June 30, 2004

**PERSONAL SERVICES**

Salaries	\$146,175
FICA	265
Retirement contributions	15,840
Group insurance contributions	23,882
Medicare taxes	1,594
Severance pay	2,886
Total personal services	<u>190,642</u>

**OPERATING SERVICES**

Data processing services	6,844
Legal services	2,322
Audit costs	3,600
Dues and subscriptions	1,365
Advertising	54
Postage and permits	5,903
Utilities	4,179
Repairs and upkeep of equipment	502
Repairs and upkeep of building	6,426
Telephone	4,466
Insurance	3,591
Bank charges	120
Total operating services	<u>39,372</u>

**MATERIALS AND SUPPLIES**

Office supplies	4,098
Printing forms	1,793
Total materials and supplies	<u>5,891</u>

**TRAVEL AND OTHER**

Travel	<u>8,634</u>
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**CAPITAL OUTLAY**

Equipment	10,779
Furniture	3,180
Total capital outlay	<u>13,959</u>
Total expenditures	<u><u>\$258,498</u></u>

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 2004

**FIDUCIARY FUND TYPE - AGENCY FUND**

**SALES TAX COLLECTION FUND**

Article VII, Section 3 of the Louisiana Constitution of 1974, provides that the commission shall be authorized to serve as the single collector of sales and use taxes in DeSoto Parish. The Sales Tax Collection Agency Fund is used to account for the collection and distribution of these taxes to the appropriate taxing bodies.

**Schedule 3**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
FIDUCIARY FUND TYPE - SALES TAX COLLECTION  
AGENCY FUND

Schedule of Changes in Balances  
Due to Others  
For the Year Ended June 30, 2004

<b>DEPOSIT BALANCE AT BEGINNING OF YEAR</b>	<u>\$3,000</u>
<b>ADDITIONS</b>	
Sales tax collections	<u>12,026,427</u>
<b>DEDUCTIONS</b>	
Taxes distributed to others:	
DeSoto Parish School Board	7,663,769
DeSoto Parish Police Jury	3,073,373
City of Mansfield	734,901
Town of Logansport	113,583
Village of South Mansfield	26,465
Town of Stonewall	112,181
Village of Grand Cane	32,528
Town of Keachi	8,985
Collection fees (transferred to General Fund)	<u>260,642</u>
Total deductions	<u>12,026,427</u>
<b>DEPOSIT BALANCE AT END OF YEAR</b>	<u><u>\$3,000</u></u>

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent Auditor's report on compliance with laws, regulations, and contracts, and internal control is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Independent Auditor's Report on Compliance and  
Internal Control Over Financial Reporting**

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana

I have audited the basic financial statements of the DeSoto Parish Sales and Use Tax Commission as of and for the year ended June 30, 2004, and have issued my report thereon dated October 1, 2004. I conducted my audit in accordance with U.S. 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**

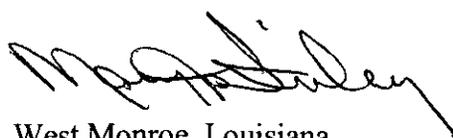
As part of obtaining reasonable assurance about whether the DeSoto Parish Sales and Use Tax Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct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

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the DeSoto Parish Sales and Use Tax Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

DESOTO PARISH SALES AND USE  
TAX COMMISSION  
Mansfield, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2004

This report is intended for the information and use of the DeSoto Parish Sales and Use Tax Commission, management of the commission's office, Legislative Auditor, and interested local tax recipient agencies and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read 'M. J. Staley', is written over the printed text of the signature block.

West Monroe, Louisiana  
October 1, 2004

DESOTO PARISH SALES AND  
USE TAX COMMISSION  
Mansfield, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004

**A. SUMMARY OF AUDIT RESULTS**

1. The Auditor's report expresses an unqualified opinion on the financial statements of DeSoto Parish Sales and Use Tax Commission.
2. No instances of noncompliance material to the financial statements of DeSoto Parish Sales and Use Tax Commission were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control*.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

DESOTO PARISH SALES AND  
USE TAX COMMISSION  
Mansfield, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2004

There were no audit findings reported in the audit for the year ended June 30, 2003.