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**JACKSON PARISH
SALES TAX COLLECTION AGENCY**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2004**

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 2/2/05

Jackson Parish Sales Tax Collection Agency
June 30, 2004

TABLE OF CONTENTS

| | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| Required Supplementary Information | | |
| Managements' Discussion and Analysis | - | 1-4 |
| Independent Auditors' Report | - | 5-6 |
| Basic Financial Statements | | |
| Government-Wide Financial Statements | | |
| Statement of Net Assets | A | 9 |
| Statement of Activities | B | 10 |
| Fund Financial Statements | | |
| Balance Sheet-Governmental Fund | C | 12 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets | D | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund | E | 14 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities | F | 15 |
| Statement of Fiduciary Net Assets-Fiduciary Funds | G | 16 |
| Statement of Changes in Fiduciary Net Assets-Fiduciary Funds | H | 17 |
| Notes to Financial Statements | - | 19-27 |
| Other Required Supplementary Information | | |
| Budgetary Comparison Schedule | I | 29 |
| Supplementary Information | | |
| Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | J | 31-32 |
| Schedule of Findings and Questioned Costs | K | 33 |
| Management's Response | L | 34 |

JACKSON PARISH SALES TAX COLLECTION AGENCY

P. O. Box 666
Jonesboro, LA 71251

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis is an element of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. As this is the first year the Agency will be reporting under this new model, certain comparative information with the previous year which is by design included in this model will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

Financial Highlights

This annual report consists of a series of new financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. Its operations are conducted through a general fund. The Agency also maintains a Fiduciary Fund. As these funds are simply held for other parties and cannot be used for any of the Agency's activities, it is not included in the government-wide statement but is separately reported in the statements of the Fiduciary Fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

ASSETS:

| | |
|--|---------------|
| Assets | \$ 9,331 |
| Capital assets, net of accumulated depreciation | <u>10,850</u> |
| Total Assets | \$ 20,181 |

LIABILITIES:

| | |
|--------------------------|---------------|
| Accounts payable | \$ 1,887 |
| Payroll related payables | 3,564 |
| Other | <u>14,380</u> |
| Net Assets | \$ <u>350</u> |

NET ASSETS:

| | |
|------------------------------|-----------------|
| Investment in capital assets | \$ 10,850 |
| Unrestricted | <u>(10,500)</u> |
| NET ASSETS | \$ <u>350</u> |

Summary of Statement of Activities

REVENUES:

| | |
|---------------------|------------------|
| Charge for Services | \$102,536 |
| Interest | <u>70</u> |
| Total Revenues | <u>\$102,606</u> |

EXPENSES:

| | |
|----------------------|------------------|
| Operating Services | \$ 35,880 |
| Personal Services | 60,311 |
| Legal & Accounting | <u>4,335</u> |
| Total Expenses | <u>\$100,526</u> |
| Change in Net Assets | <u>\$ 2,080</u> |

General Fund Budgetary Highlights

For this year, the Agency purchased new computer equipment at a cost of \$11,697. All capital assets are free and clear of debt.

Economic Factors and Next Year's Budget

The primary revenue source is the charge for services received from the different taxing bodies based on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all during the preceding month. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for FY 2004/2005 should not significantly differ from FY 2003/2004.

Contacting the Agency

This financial report is designed to provide our citizens and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Jackson Parish Sales Tax Collection Agency, P. O. Box 666, Jonesboro, LA 71251-0666.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the accompanying financial statements of the governmental activities and major fund of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2004, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Agency. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Agency as of June 30, 2004, and the respective changes in the financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the Jackson Parish Sales Tax Collection Agency adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This results in a change in the format and content of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2004, on our consideration of the Agency'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.

The Management's Discussion and Analysis and the other required supplementary information on pages 1 through 4 and 26 through 27, respectively, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the other required supplementary information. However, we did not audit the information and express no opinion on it.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 10, 2004

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Statement of Net Assets
June 30, 2004

| | Governmental <u>Activities</u> |
|----------------------------------|-----------------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash & Cash Equivalents | \$ 9,331 |
| Non-current Assets: | |
| Capital Assets (Net) | <u>10,850</u> |
| Total Assets | <u>\$ 20,181</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | \$ 1,887 |
| Payroll Related Payables | 3,564 |
| Deferred Revenues | <u>6,392</u> |
| Total Current Liabilities | \$ 11,843 |
| Long-term Liabilities: | |
| Accrued Compensated Absences | <u>7,988</u> |
| Total Liabilities | <u>\$ 19,831</u> |
| NET ASSETS: | |
| Invested in Capital Assets | \$ 10,850 |
| Unrestricted (Deficit) | <u>(10,500)</u> |
| Total Net Assets | <u>\$ 350</u> |
| Total Liabilities and Net Assets | <u>\$ 20,181</u> |

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Statement of Activities
June 30, 2004

| <u>Activities</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets Government Activities</u> |
|---|------------------|-------------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Governmental Activities: | | | | |
| Salaries & Related Benefits | \$ 60,360 | \$ 0 | \$0 | \$(60,360) |
| Legal & Accounting | 4,335 | 0 | 0 | (4,335) |
| Operating Services | <u>35,831</u> | <u>102,536</u> | <u>0</u> | <u>66,705</u> |
| Total Governmental Activities | <u>\$100,526</u> | <u>\$(102,536)</u> | <u>\$0</u> | \$ 2,010 |
| General Revenues: | | | | |
| Interest | | | | <u>70</u> |
| Change in Net Assets | | | | \$ 2,080 |
| Net Assets July 1, 2003 (Restated, see Note 3) | | | | <u>(1,730)</u> |
| Net Assets June 30, 2004 | | | | \$ <u>350</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Balance Sheet-Governmental Fund
June 30, 2004

Assets:

| | |
|--------------|-----------------|
| Cash | \$ <u>9,331</u> |
| Total Assets | \$ <u>9,331</u> |

Liabilities:

| | |
|--------------------------|--------------|
| Accounts Payable | \$ 1,887 |
| Deferred Revenue | 6,392 |
| Payroll Related Payables | <u>3,564</u> |
| Total Liabilities | \$11,843 |

Fund Balance:

| | |
|------------------------------------|-----------------|
| Unreserved (Deficit) | <u>(2,512)</u> |
| Total Liabilities and Fund Balance | \$ <u>9,331</u> |

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2004

Total Fund Balance (Deficit) for the Governmental Fund
at June 30, 2004 \$ (2,512)

Amounts reported for Governmental Activities
in the Statement of Net Assets is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the fund. Those assets consist of:

| | |
|--------------------------------|----------|
| Capital Assets | 45,602 |
| Less, Accumulated Depreciation | (34,752) |

Long-term Liabilities are not due and payable
in the current period and are not reported in the funds-

| | |
|------------------------------|----------------|
| Accrued Compensated Absences | <u>(7,988)</u> |
|------------------------------|----------------|

Total Net Assets of Governmental Activities
at June 30, 2004 \$ 350

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2004

| | |
|--|-------------------|
| REVENUES: | |
| Charges for Services | \$102,536 |
| Interest | <u>70</u> |
| Total Revenues | <u>\$102,606</u> |
| EXPENDITURES: | |
| Personal Services | \$ 60,360 |
| Legal & Accounting | 4,335 |
| Operating Services | <u>40,423</u> |
| Total Expenditures | <u>\$105,118</u> |
| Excess (Deficiency) of Revenues over Expenditures | \$ (2,512) |
| Fund Balance-Beginning of Year | <u>0</u> |
| Fund Balance-End of Year | <u>\$ (2,512)</u> |

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2004

Total Change in Fund Balance \$ (2,512)

Amounts reported for Governmental Activities
in the Statement of Activities is different because:

Governmental Funds report capital outlays as
expenditures. However, in the Statement of
Activities the cost of the assets is allocated over
their estimated useful lives as depreciation expense.
Those expenditures consist of:

| | |
|----------------------------|---------|
| Capital Expenditures | 11,697 |
| Less, Depreciation Expense | (4,140) |

Increases in Accrued Compensated Absences do not
require the use of current financial resources; therefore,
are not reported as expenditures in governmental funds-

| | |
|------------------------------|----------------|
| Accrued Compensated Absences | <u>(2,965)</u> |
|------------------------------|----------------|

| | |
|--|-----------------|
| Total changes in Net Assets of Governmental Activities | <u>\$ 2,080</u> |
|--|-----------------|

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2004

| Assets: | <u>Agency Funds</u> |
|------------------------------------|---------------------|
| Cash | <u>\$2,820</u> |
| Total Assets | <u>\$2,820</u> |
| Liabilities: | |
| Unsettled Deposits – Due to Others | <u>\$2,820</u> |
| Total Liabilities | <u>\$2,820</u> |

The accompanying notes are an integral part of this statement.

Jackson Parish Sales Tax Collection Agency
Statement of Changes in Fiduciary Net Assets
Agency Fund
For the Year Ended June 30, 2004

| | |
|--|---------------------|
| Deposit Balances at Beginning of Year | \$ <u>2,823</u> |
| Additions: | |
| Sales Tax Collections | \$10,587,014 |
| Hotel/Motel Tax Collections | 2,205 |
| Interest Earned on Collections | <u>4,242</u> |
| Total Additions | <u>\$10,593,461</u> |
| Total Deposits Available | <u>\$10,596,284</u> |
| Deductions: | |
| Taxes Distributed to Others- | |
| Jackson Parish School Board | \$ 6,306,286 |
| Jackson Parish Police Jury | 2,335,680 |
| Town of Jonesboro | 1,385,963 |
| Village of Hodge | 387,584 |
| Village of North Hodge | 9,841 |
| Village of East Hodge | 1,600 |
| Village of Eros | 11,384 |
| Administrative Fees (transferred to General Fund, inclusive of current year GF deferred rev.) | 102,536 |
| Collection Fees, Refunds, etc. | <u>52,590</u> |
| Total Deductions | <u>\$10,593,464</u> |
| Deposit Balance at End of Year | \$ <u>2,820</u> |

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

1. Introduction:

As provided by Louisiana Statutes 33:2711(c), the Jackson Parish Sales Tax Collection Agency serves as the collector of sales and use taxes for the parish. The Agency is governed by a Board of Commissioners comprised of five members; two of the members are selected from the Jackson Parish School Board, one from the Jackson Parish Police Jury and one each from the municipalities of Jonesboro, and Hodge, Louisiana, in accordance with a joint intergovernmental agreement among the agencies. The commissioners serve for indefinite terms at the pleasure of the taxing authority appointing them. The members of the Board serve without benefit of compensation. The Jackson Parish Sales Tax Collection Agency has two full-time positions; the Tax Administrator, appointed by the Board of Commissioners, and one employee who performs support functions.

2. Summary of Significant Accounting Policies:

The accompanying financial statements of the Jackson Parish Sales Tax Collection Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Jackson Parish Sales Tax Collection Agency was created as a political subdivision under the provisions of Louisiana Revised Statute 33:2711(c). Members of the Board of Commissioners are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Agency is the collector for all sales and use taxes within the parish. Based on the above, the Jackson Parish Sales Tax Collection Agency was determined to be a separate governmental reporting entity. The Jackson Parish Sales Tax Collection Agency includes all funds, activities, etc., that are within the primary responsibility of the Agency. Certain units of local government over which the Agency exercises no primary responsibility, such as the Jackson Parish Police Jury, School Board, Assessor, Clerk of Court, municipalities within the parish, and other independently elected officials are excluded from the accompanying financial statements. These local governments are neither controllable by nor answerable to the Jackson Parish Sales Tax Collection Agency. Further, their operations do not require the approval of the Agency nor is the Agency legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Jackson Parish Sales Tax Collection Agency.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The accounts of the Agency are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Agency maintains two funds. They are categorized as a governmental fund and fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

The funds of the Agency are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Fund-

Fiduciary Funds are used to account for assets held by the Agency in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Agency, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus-

On the Government-Wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement is used as appropriate.

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting-

In the government-wide Statement of Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts and savings accounts of the Agency.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Agency maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

| | |
|----------------------|---------|
| Furniture, computers | 5 years |
|----------------------|---------|

Compensated Absences-

Employees earn from two weeks to four weeks of vacation leave annually, depending upon length of service; employees earn five days of sick leave annually. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken.

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budgetary Practices:

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary data for the general fund is prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliations between legally enacted basis and GAAP basis is required.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

The Agency's office performs only a custodial function in the case of fiduciary funds and therefore a budget for these funds is not appropriate.

G. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Changes in Accounting Principles:

For the year ended June 30, 2004, the Agency has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the Agency's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB No. 34 caused the opening fund balance at June 30, 2003, to be restated in terms of "net assets" as follows:

| | | |
|--|-----------|------------------|
| Total fund balance-Governmental Fund at June 30, 2003 | | \$ 0 |
| Add: Cost of capital assets at June 30, 2003 | \$ 33,905 | |
| Less: Accumulated Depreciation at June 30, 2003 | (30,612) | |
| Less: Compensated Absences at June 30, 2003 | (5,023) | <u>(1,730)</u> |
| Net Assets at June 30, 2003 | | <u>\$(1,730)</u> |

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

4. Cash and Cash Equivalents:

At June 30, 2004, the Jackson Parish Sales Tax Collection Agency has cash and cash equivalents (bank balances) totaling as follows:

| | |
|----------------------------------|--------------------|
| Interest-bearing demand deposits | <u>\$1,060,986</u> |
|----------------------------------|--------------------|

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the related 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. At June 30, 2004, the Jackson Parish Sales Tax Collection Agency has \$1,060,986 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$400,000 of pledged assets held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

| | <u>Cash</u> |
|--------------------|-------------------|
| Bank Balances: | |
| General Fund | \$ 4,732 |
| Agency Fund | <u>1,056,253</u> |
| Total | \$1,060,985 |
| Insured by FDIC | 100,000 |
| Pledged Securities | <u>400,000</u> |
| | \$ <u>500,000</u> |
| Uninsured | <u>\$ 560,985</u> |

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

5. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2004, is as follows:

| <u>Governmental Activities</u> | <u>Balance 07-01-03</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 06-30-04</u> |
|------------------------------------|-----------------------------|------------------|------------------|-----------------------------|
| Capital Assets: | | | | |
| Furniture, computers | \$33,905 | \$11,697 | \$0 | \$45,647 |
| Less: Accumulated Depreciation: | | | | |
| Furniture, computers | <u>30,612</u> | <u>4,140</u> | <u>0</u> | <u>34,752</u> |
| Net Capital Assets | <u>\$ 3,293</u> | <u>\$ 7,557</u> | <u>\$0</u> | <u>\$10,850</u> |

Depreciation expense of \$4,140 was charged to the general government function.

6. Pension Plan:

The employees of the Jackson Parish Sales Tax Collection Agency are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. The employees of the Agency are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part by the Jackson Parish Sales Tax Collection Agency are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service; at or after age 55 with at least 25 years of creditable service; or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Jackson Parish Sales Tax Collection Agency
Notes to Financial Statements
June 30, 2004

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The rate was 11.75 percent of covered payroll for the year ending June 30, 2004. Contributions to the System also include $\frac{1}{4}$ of 1 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Agency are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Agency's contributions to the System under Plan A for the years ending June 30, 2004, 2003, and 2002, were \$5,027, \$3,908, and \$3,325, respectively, equal to the required contributions for each year.

7. Litigation:

Management has advised that the Agency is not involved in any legal action which would have a negative impact on the Agency. Any potential liability arising from the suits against the Agency would be a liability of the respective taxing bodies for which the Agency handles collections and not a liability of the Jackson Parish Sales Tax Collection Agency.

8. Changes in General Long-term Obligations – Compensated Absences:

The following is a summary of the changes in long-term obligations for the year ended June 30, 2004:

| | |
|--|----------------|
| Long-term obligations payable at June 30, 2003 | \$5,023 |
| Net Change | <u>2,965</u> |
| Long-term obligations Payable at June 30, 2004 | <u>\$7,988</u> |

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Jackson Parish Sales Tax Collection Agency
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2004

| | 2003 | | | Variance Favorable (Unfavorable) |
|--|-----------------|------------------|-------------------|--|
| | Budget | | Actual | |
| | Original | Final | | |
| REVENUES: | | | | |
| Charge for Services | \$98,000 | \$102,150 | \$102,536 | \$ 386 |
| Interest | <u>0</u> | <u>0</u> | <u>70</u> | <u>70</u> |
| Total Revenues | <u>\$98,000</u> | <u>\$102,150</u> | <u>\$102,606</u> | <u>\$ 456</u> |
| EXPENDITURES: | | | | |
| Accounting Fees | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 0 |
| Advertising | 150 | 150 | 143 | 7 |
| Annual Audit | 3,000 | 4,000 | 2,250 | 1,750 |
| Dues & Subscriptions | 200 | 250 | 218 | 32 |
| Capital Outlay | 5,000 | 5,000 | 11,697 | (6,697) |
| Insurance - Other | 1,800 | 1,800 | 1,656 | 144 |
| Insurance - Group | 2,000 | 2,500 | 2,558 | (58) |
| Workman's Compensation | 500 | 500 | 456 | 44 |
| Legal Fees | 2,000 | 1,500 | 1,085 | 415 |
| Office Operations | 9,400 | 10,000 | 9,806 | 194 |
| Payroll Expense | 750 | 850 | 762 | 88 |
| Postage | 5,000 | 5,000 | 5,039 | (39) |
| Programming | 1,200 | 1,500 | 2,898 | (1,398) |
| Rent | 4,500 | 4,500 | 4,500 | 0 |
| Repair & Maintenance | 500 | 500 | 868 | (368) |
| Retirement | 4,900 | 6,500 | 5,027 | 1,473 |
| Salary | 52,000 | 53,000 | 51,557 | 1,443 |
| Seminars | 1,500 | 1,500 | 1,813 | (313) |
| Telephone | 2,000 | 1,500 | 1,100 | 400 |
| Travel | <u>600</u> | <u>600</u> | <u>685</u> | <u>(85)</u> |
| Total Expenditures | <u>\$98,000</u> | <u>\$102,150</u> | <u>\$105,118</u> | <u>\$(2,968)</u> |
| Excess (Deficiency) of Revenues over Expenditures | \$ 0 | \$ 0 | \$ (2,512) | \$(2,512) |
| Fund Balance-Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance-End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (2,512)</u> | <u>\$(2,512)</u> |

SUPPLEMENTARY INFORMATION

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited the financial statements of the governmental activities and major fund of the Jackson Parish Sales Tax Collection Agency, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jackson Parish Sales Tax Collection Agency's 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jackson Parish Sales Tax Collection Agency'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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Louisiana Legislative Auditor, management of the Jackson Parish Sales Tax Collection Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 10, 2004

Natchitoches, Louisiana

Jackson Parish Sales Tax Collection Agency
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Finding:

2004-1 *Condition* – Under state law, all funds on deposit must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2004, the Jackson Parish Sales Tax Collection Agency did not have all their bank balances secured by pledged securities.

Recommendation – The Jackson Parish Sales Tax Collection Agency should establish procedures to ensure the bank provides the required pledged securities.

JACKSON PARISH SALES TAX COLLECTION AGENCY

102 FOURTH STREET
P.O. BOX 666
JONESBORO, LOUISIANA 71251

November 23, 2004

Johnson Thomas & Cunningham, CPA's 321
Bienville Street
Natchitoches, LA 71457

Re: The Jackson Parish Sales Tax Collection Agency response to Scheduled of Finding and
Questioned Costs - Year Ended June 30, 2004

Response: Finding 2004-1 - The Jackson Parish Sales Tax Collection Agency has contacted its fiscal agent bank concerning the lack of an adequate pledge of securities to cover all of the back balances of the Agency. The fiscal agent bank has pledged the necessary additional securities and has provided the Agency with appropriate documentation.

Recommendation - In order to ensure that the fiscal agent bank provides the required pledge security, a review of the securities will be added to the end of calender year closing activities checklist and to the end of the fiscal year checklist. In addition, our fiscal agent bank is providing an over pledge of securities to provide coverage for unexpected increases in collection.



Debra Jackson
Tax Administrator