

Sabine Parish Sales and Use Tax Commission**FINANCIAL REPORT****YEAR ENDED DECEMBER 31, 2006**

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

7/18/07The CPA. Never Underestimate The Value.SM**Eugene W. Fremaux II**

Certified Public Accountant

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis	2
BASIC FINANCIAL STATEMENTS	
Statement of Fiduciary Net Assets	3
Notes to financial statements	4
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	8

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

I have audited the accompanying financial statement of the Sabine Parish Sales and Use Tax Commission as of December 31, 2006 and for the year then ended, which comprise the Sabine Parish Sales and Use Tax Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sabine 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 auditing standards generally accepted in the United States of American and with the standards for financial audits contained in *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 financial statements referred to above present fairly, in all material respects, the financial position of the Sabine Parish Sales and Use Tax Commission as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information on pages 2 and 8, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2007 on my consideration of the Sabine Parish Sales and Use Tax Commission's internal control over financial reporting and my tests on its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.



EUGENE W. FREMAUX II, CPA
June 28, 2007



The CPA. Never Underestimate The Value.SM

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

This section of the Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The Commission's tax collections in 2006 increased by \$730,708 (6.8%) to \$11,491,621, over collections in 2005.
- ▶ The increase in collections was due to an increase in the Town of Zwolle's sales tax rate from 1% to 2%, which became effective in the last quarter of 2005, coupled with increased economic activity (approximately 5%) in the parish in 2006.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- ▶ Management's discussion and analysis
- ▶ Basic financial statements
- ▶ Supplementary information

The basic financial statements include all of the funds of the Commission. All of the funds of the Commission can be grouped into one category, fiduciary funds, which are used to account for resources held for the benefit of outside parties, such as other governments. The Commission used its funds to account for sales taxes, which it collects for Sabine Parish governments.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Current assets, and current liabilities decreased by \$99,154 to \$14,926, primarily due to the settlement in 2006 of protested taxes paid under protest in 2005.

Operating expenses of the Commission in 2006 decreased \$30,161 (19%) from 2005 to \$112,198, primarily due to decreases in legal costs. Approximately 55% of the Commission's operating expenses are for personnel costs. The Commission's operating costs in 2006 comprised 0.95% of the taxes collected

ECONOMIC FACTORS

The Commission has no current knowledge of any economic conditions that could have significant adverse effects on sales tax collections or operating expenses during 2007.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Linda Schrock, Administrator, 670 San Antonio Avenue, Many, LA 71449.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006

ASSETS

Cash	\$14,526
Prepaid expenses	<u>400</u>
Total assets	<u><u>\$14,926</u></u>

LIABILITIES

Liabilities:	
Accounts payable	\$1,995
Due to taxing bodies and others	10,300
Compensated absences payable	<u>2,631</u>
Total liabilities	<u>14,926</u>

NET ASSETS

\$0

The accompanying notes are an integral part of these statements.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

(1) Introduction

The Sabine Parish Sales and Use Tax Commission (Commission), Many, Louisiana, was created on June 30, 1992 by the political subdivisions within Sabine Parish for the joint collection, enforcement, and administration of the sales and use taxes levied by these subdivisions. The Commission is managed by a Board of Commissioners composed of: two members appointed by the Sabine Parish Police Jury, two members appointed by the Sabine Parish School Board, one member appointed by the Town of Many, one member appointed by the Town of Zwolle, one member appointed by the Village of Florien, one member appointed by the Village of Pleasant Hill, and one member at large jointly appointed by the other eight commissioners.

The costs of establishing and operating the Commission are shared jointly by the taxing bodies on a pro-rata basis based on the ratio that the taxes collected for each bears to the total taxes collected.

(2) Summary of significant accounting policies

Reporting entity

For financial reporting purposes, the Commission includes all funds that are within the oversight responsibility of the Commission.

Basis of presentation

Fiduciary Fund Type

Agency Fund - This fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities.

Basis of accounting

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

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

(2) Pending litigation

The Commission is not involved in any litigation at December 31, 2006, other than litigation involving taxpayer collection efforts.

(3) Compensated absences

All employees earn 5 - 20 days of annual vacation leave per year depending on length of service with the Commission. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. No more than 10 days can be carried forward to the next year. Annual leave is paid upon termination of employment.

(4) Personnel costs

The Commission's employees are paid by the Sabine Parish Police Jury and the Jury is reimbursed by the Commission for the related payroll costs, including fringe benefits.

Substantially all employees of the Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer, public employee retirement system, administered by a board of trustees. Employees of the Commission are members of Plan A. Pertinent information relative to the plan follows:

Plan description - The System is composed of two plans, A and B. Ten years of service is required to become vested for retirement benefits, which are established and amended by state statute. The System issues publicly available financial reports that include 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, LA 70898-4619, or by calling 504-928-1361.

Funding Policy - Plan A members are required to contribute 9.5 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate, which is currently 13.25 percent of annual covered payroll. The Commission's employer contributions to the System, 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 System for the years ended December 31, 2006, 2005, and 2004 were \$8,462, \$9,569, and \$10,256, respectively, which equals the required contributions for each year.

(5) Cash

All bank deposits are fully secured through federal depository insurance.

(6) Compensation of commissioners

The commissioners received no compensation or per diem during the year ended December 31, 2006.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

(7) Taxes paid under protest

During the year ended December 31, 2005, \$96,009 of taxes were paid under protest and suit against the Commission was subsequently filed. On April 7, 2006 the pending litigation was settled for \$70,784, with the remainder returned to the taxpayer.

(8) Changes in Agency Fund Deposits Due Others

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

Balance, beginning of year	\$ <u>13,426</u>
Taxes collected	<u>11,491,621</u>
Distributions:	
School Board	3,853,011
Police Jury	2,568,706
Town of Many	1,271,309
Town of Zwolle	517,983
Village of Converse	26,490
Village of Florien	119,175
Village of Pleasant Hill	26,085
Sabine Parish Law District	1,900,318
Sabine Parish Tourist Commission	145,831
District Attorney	319,723
Sabine Council on Aging	633,918
Commission operating expenses	<u>112,198</u>
Total	<u>11,494,747</u>
Balance, end of year	\$ <u>10,300</u>

OTHER SUPPLEMENTAL INFORMATION

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

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

I have audited the financial statements of the Sabine Parish Sales and Use Tax Commission (Commission) for the year ended December 31, 2006, and have issued my report thereon dated June 28, 2007. I conducted my 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 Sabine 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, contracts, and grant agreements, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sabine Parish Sales and Use Tax Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.


A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily

identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Sabine Parish Sales and Use Tax Commission management, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



EUGENE W. FREMAUX II, CPA
June 28, 2007