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**WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana**

**Financial Statements and
Independent Auditor's Reports**

Year Ended June 30, 1999

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

Release Date JAN 12 2000

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana

Financial Statements With
Independent Auditor's Report
For the Year Ended June 30, 1999

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RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT

Honorable Duane Blair
Washington Parish Sheriff
Franklinton, Louisiana

I have audited the statements of assets and liabilities - cash basis and cash receipts and disbursements of the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff as of and for the year ended June 30, 1999. These financial statements are the responsibility of the Washington Parish Sheriff's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above fairly present, in all material respects, the assets and liabilities arising from cash transactions of the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff as of June 30, 1999, and the cash receipts and disbursements for the year then ended.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 14, 1999 on my consideration of the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Washington Parish Sheriff Sales and Use Tax Collector Agency Fund. I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff's Office's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Sales and Use Tax Collector Agency Fund does business are or will become year 2000 compliant.



Certified Public Accountant

Bogalusa, Louisiana
December 14, 1999

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana

Statement of Assets and Liabilities - Cash Basis
June 30, 1999

	<u>Fiduciary Fund - Agency Fund</u>
<u>ASSETS</u>	
Cash	\$ 1,893
Cash held in escrow account for sales tax paid under protest	<u>21,527</u>
Total assets	<u>\$ 23,420</u>
 <u>LIABILITIES</u>	
Due to taxing bodies	<u>\$ 23,420</u>
Total liabilities	<u>\$ 23,420</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana

Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 1999

	<u>Fiduciary Fund - Agency Fund</u>
<u>UNSETTLED BALANCE AT JULY 1, 1998</u>	\$ 7,260
Cash Receipts:	
Sales and use tax collected	12,745,364
Interest	<u>4,447</u>
Total cash receipts	<u>12,749,811</u>
SUBTOTAL	12,757,071
Cash Disbursements:	
Taxes and interest paid -	
Village of Angie	24,834
City of Bogalusa	5,284,784
City of Bogalusa School Board	1,609,094
Town of Franklinton	619,142
Washington Parish Police Jury	1,154,476
Washington Parish Sheriff	1,491,949
Village of Varnado	22,332
Washington Parish School Board	2,316,365
Collection fee - Washington Parish Sheriff	168,498
Contract audit fee	<u>42,177</u>
Total cash disbursements	<u>12,733,651</u>
<u>UNSETTLED BALANCES AT JUNE 30, 1999</u>	<u>\$ 23,420</u>

The accompanying notes are an integral part of this statement.

**WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 1999**

INTRODUCTION

The Washington Parish Sales and Use Tax Centralization Commission, (the Commission) which was created pursuant to L. R. S. 33:2844.1, entered into a contract with Duane Blair, Sheriff and Ex-Officio Tax Collector for Washington Parish to collect sales and use taxes in Washington Parish beginning July 1, 1996.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 contract between the sheriff and the Washington Parish Sales and Use Tax Centralization Commission requires an annual financial audit of the receipts and distributions of sales and use tax. Accordingly, the accompanying financial statements reflect the financial activity of the sheriff related only to his responsibility as Washington Parish Sales and Use Tax Collector. Amounts included in the accompanying financial statements are also included as an agency fund in the sheriff's general-purpose financial statements.

B. FUND ACCOUNTING

A fund is a separate accounting entity with a self-balancing set of accounts.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR AGENCY FUND
Franklinton, Louisiana
Notes to the Financial Statements

Fiduciary Fund

Agency Fund

The Washington Parish Sheriff's Sales and Use Tax Collector Agency Fund is categorized as a Fiduciary Fund and is operated as an Agency Fund Type. The Fund accounts for the collection and disbursement of assets held as an agent for other government units. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. BASIS OF ACCOUNTING

The accompanying financial statements of the Sales and Use Tax Collector Agency Fund have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis differs from generally accepted accounting principles in that receipts and related assets are generally recognized when received rather than when measurable and available for use, and expenditures are recognized when paid rather than when the obligations are incurred. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

D. CASH

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 1999, the Sales and Use Tax Collector Agency Fund had cash (book balances) totaling \$23,420. 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.

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR AGENCY FUND
Franklinton, Louisiana
Notes to the Financial Statements

These securities were held in the name of the pledging fiscal agent bank in a holding or custodial bank that was mutually acceptable to both parties.

The Sales and Use Tax Collector Agency Fund accounts are grouped with those of the Sheriff's general funds for the purpose of securities pledged. At June 30, 1999, the Sales and Use Tax Collector Agency Fund had \$130,642 in deposits (collected bank balances). These deposits were fully secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities were considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 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.

NOTE 3. TERMS OF THE CONTRACT

The contract requires that the sheriff perform those functions necessary to collect and adequately enforce the sales and use tax ordinances enacted by the participating taxing bodies and promptly remit the proceeds to the taxing bodies. It also requires that the sheriff furnish, at his own expense, all necessary equipment, employees, insurance, and an annual financial audit. The contract provides for a fee to be paid to the sheriff of 1.50% of the gross amount of sales and use tax actually collected.

NOTE 4. SALES TAX PAID UNDER PROTEST

On April 15, 1999, \$21,412 was paid to the Washington Parish Sheriff's Office under protest to assessed audit findings. The company filed suit against the Washington Parish Sheriff on May 11, 1999. Under advice from their attorney, the Sheriff's Office deposited the sales tax money, on April 15, 1999, in a separate escrow account which earned interest of \$115 to increase the balance in the account to \$21,527 at June 30, 1999. This case was still in litigation as of June 30, 1999.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Duane Blair
Washington Parish Sheriff
Franklinton, Louisiana

I have audited the financial statements of the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff as of and for the year ended June 30, 1999, and have issued my report thereon dated December 14, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff's financial statements are free of material misstatement, I 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 the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff'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.

This report is intended for the information of the Washington Parish Sheriff and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
December 14, 1999

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND

Year 2000 Disclosure
For the Year Ended June 30, 1999

Outside consultants have examined the computer programs and modified everything that would be a problem in the year 2000. While they would not guarantee 100% perfection, they do not anticipate any problems.

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana

SCHEDULE OF FINDINGS
For the Year Ended June 30, 1999

I have audited the financial statements of the Sales and Use Tax Collector Agency Fund of the Washington Parish Sheriff as of and for the year ended June 30, 1999, and have issued my report thereon dated December 14, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses [] Yes [X] No Reportable Conditions [] Yes [X] No

Compliance

Compliance Material to Financial Statements [] Yes [X] No

Section II Financial Statement Findings

No current year findings were noted.

WASHINGTON PARISH SHERIFF
SALES AND USE TAX COLLECTOR
AGENCY FUND
Franklinton, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 1999

Section I Internal Control and Compliance Material to the Financial Statements	
There were no prior year findings.	