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Financial Statements

LINCOLN PARISH SALES AND USE TAX COMMISSION

For the Year Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and is for approval of the Board of Directors. 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 DEC 13 2000

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln Parish Sales & Use Tax Commission
Ruston, Louisiana

We have audited the accompanying financial statements of the Lincoln Parish Sales & Use Tax Commission as of June 30, 2000, and for the year then ended. These financial statements are the responsibility of the Lincoln Parish Sales & Use Tax Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. 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.

As described in Note 1, the Lincoln Parish Sales & Use Tax Commission prepares its financial statements on the modified cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Statement of Assets and Liabilities - Modified Cash Basis of the Lincoln Parish Sales & Use Tax Commission as of June 30, 2000, and the related Statement of Collections, Distributions, Other Disbursements, and Changes in Undistributed Balances - Modified Cash Basis for the year then ended on the basis of accounting described in Note 1.

Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
Ruston, Louisiana
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In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2000, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read with this report in considering the results of our audit.

Evers & Associates

Ruston, Louisiana

August 25, 2000

LINCOLN PARISH SALES AND USE TAX COMMISSION
Statement of Assets and Liabilities - Modified Cash Basis
June 30, 2000

ASSETS

Cash	\$ <u>2,148,456</u>
Total Assets	<u>2,148,456</u>

LIABILITIES

Due to other agencies - interest income held for future distribution to:	
City of Ruston	9,213
Lincoln Parish Police Jury	5,494
Lincoln Parish School Board	10,989
City of Grambling	393
Town of Dubach	66
Ruston/Lincoln Convention & Visitors Bureau	264
Taxes held in protest	<u>2,122,037</u>
Total Liabilities	\$ <u>2,148,456</u>

The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH SALES AND USE TAX COMMISSION
Statement of Collections, Distributions, Other Disbursements, and
Changes in Undistributed Balances - Modified Cash Basis
For the Year Ended June 30, 2000

Collections:

Sales and use tax	\$ 16,682,260
Hotel/Motel tax	173,442
Excise tax	1,972
Sales and use tax audits	313,929
Reimbursement for operating expenses	144,625
Legal fees and court costs collected	3,119
Interest received	<u>153,519</u>
 Total Collections	 <u>17,472,866</u>

Distributions:

Lincoln Parish School Board	7,271,073
City of Ruston	5,902,019
Lincoln Parish Policy Jury	3,461,866
City of Grambling	275,709
Town of Dubach	44,867
Ruston/Lincoln Convention & Visitors Bureau	<u>173,655</u>
 Total Distributions	 <u>17,129,189</u>

Other Disbursements:

Operating expenses	164,216
Audit fees	60,389
Refunds, bank service charges, and other miscellaneous	<u>13,293</u>
 Total Other Disbursements	 <u>237,898</u>

Collections less distributions less
other disbursements

105,779

Undistributed balances
at beginning of year

2,042,677

Undistributed balances
at end of year

2,148,456

The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH SALES AND USE TAX COMMISSION
Notes to Financial Statements
June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln-Ruston Sales and Use Tax Division was created as a joint venture of the City of Ruston and Lincoln Parish School Board in 1967 to serve as an agency for the collection of sales and use taxes levied by the two taxing authorities. In 1975, the Lincoln Parish Police Jury became a participant in the venture. In 1992, the City of Grambling and the Town of Dubach became participating agencies in this venture. The Lincoln Parish Sales and Use Tax Commission (the Commission) was then created in December 1993. The Cooperative Endeavor Agreement authorizes the Commission as the single tax collector for the parish, to enter into agreements with any other public bodies located within Lincoln Parish for the collection of any sales and use taxes and Hotel/Motel taxes authorized by such other public bodies, beginning January 1, 1994. The operations of the Commission are under the direction of an administrator appointed by the five participating agencies. The appointment of the administrator can be revoked by a majority vote of the five agencies. The five agencies established the Commission composed of eight members, two from City of Ruston, Lincoln Parish School Board, and Lincoln Parish Police Jury, and one member each from City of Grambling and Town of Dubach. The Commission has the authority and is empowered to collect, enforce and administer the respective sales and use taxes and Hotel/Motel taxes of the various parties to this agreement. By mutual consent, these five authorities and the Ruston/Lincoln Convention and Visitors Bureau share in the costs of operations for the Commission on a prorata basis. The Lincoln Parish Police Jury provides office space for the Commission. The Commission itself provides employees, supplies, and other necessary expenses for the day-to-day operation of the Commission and is subsequently reimbursed, on a monthly basis, by the City of Ruston, Lincoln Parish School Board, Lincoln Parish Police Jury, City of Grambling, Town of Dubach, and the Ruston/Lincoln Convention and Visitors Bureau for their prorata share each. The Commission generates no revenue, but is simply a conduit for revenues of the five participating agencies.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November 1984, GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for the state and local government.

For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission includes all funds, account groups, and activities that are within the oversight responsibility of the Commission. The Commission is considered a joint cooperative endeavor of the participating governmental units and, therefore, issues financial statements separate from the participants and their governmental components.

LINCOLN PARISH SALES AND USE TAX COMMISSION
Notes to Financial Statements
June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting

The accounts of the Commission are organized on a fund basis whereby a set of self-balancing accounts comprises its assets, liabilities, collections, distributions, and other disbursements.

B. Basis of Accounting

Basis of accounting refers to when collections and distributions are recognized in the accounts and reported in the financial statements and also to the timing of the measurements made, regardless of the measurement focus applied. The modified cash basis of accounting is followed by the Commission in recording collections, distributions, and other disbursements as follows:

Collections

Sales and use tax collections, interest earned on deposits, and other cash receipts are recorded in the month received by the Commission.

Distributions

Distributions are recorded in the month transferred to the recipient bodies with the exception of interest which is accrued at year end and distributed in the first month of the next fiscal year.

Disbursements

Operating expenses, audit fees and other cash disbursements are recorded in the month paid by the Commission.

C. Cash

For reporting purposes, cash represents interest bearing demand deposits. Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of any other state in the union, or the laws of the United States. Further, the Commission may invest in the deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana

LINCOLN PARISH SALES AND USE TAX COMMISSION
Notes to Financial Statements
June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Sales and Use Taxes - Distribution of Funds

Sales and use tax collections are distributed monthly based on the tax rates levied by each governmental body. At June 30, 2000, the following rates were in effect:

City of Ruston	1.75%
Lincoln Parish Police Jury	.75%
Lincoln Parish School Board	2.00%
City of Grambling	2.00%
Town of Dubach	1.00%

NOTE 2 - CASH

At times, the Commission's bank balances exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). Therefore, securities are pledged by financial institutions where deposits exceed FDIC limits. At June 30, 2000, the market value of pledged securities exceeded bank balances less FDIC insurance by \$4,122,577. These pledged securities consist of uninsured government mortgages held by the agent in the Commission's name.

NOTE 3 - CONTINGENCIES

The Commission is a defendant in litigation, along with certain of the governmental bodies for which tax is collected, related to a disagreement as to the taxability of certain transactions by the plaintiff which is a local sales tax vendor. The taxes were paid under protest during 1995 and 1996. These funds, together with accrued interest, are currently held in escrow by the Commission in accordance with state law. The likelihood of settlement of the case is unknown at this time. Expenses of the litigation have been paid as incurred.

NOTE 4 - OPERATING EXPENSES

The Commission's employees are covered under the Lincoln Parish Police Jury's benefit and retirement systems. As discussed in Note 1, the six participating agencies share the operating expenses of the Lincoln Parish Sales and Use Tax Commission on a prorata basis. The operating expenses of the Commission for the 12 months ended June 30, 2000, were approximately \$164,000 which is approximately one percent of tax collections.

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

To the Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
Ruston, Louisiana

We have audited the financial statements of Lincoln Parish Sales and Use Tax Commission (the Commission), Ruston, Louisiana, as of and for the year ended June 30, 2000, and have issued our report thereon dated August 25, 2000. We conducted our 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

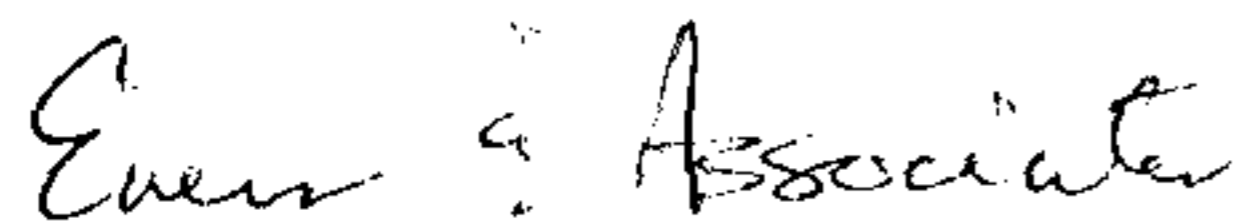
As part of obtaining reasonable assurance about whether Lincoln Parish Sales and Use Tax Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln Parish Sales and Use Tax Commission'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 for the information of the Board of Commissioners, management, and State and Federal audit agencies. However, this report is a matter of public record and its distribution is not limited.



Evers & Associates, P.L.L.C.

August 25, 2000