

**Lincoln Parish Sales
And Use Tax Commission**

**Financial Statements
For the Year Ended June 30, 2012**



Douglas A. Brewer, LLC
Certified Public Accountant

Lincoln Parish Sales and Use Tax Commission
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For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Lincoln Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the 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 America 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 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 opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Lincoln Parish Sales and Use Tax Commission, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2012, on my consideration of the Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that 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 considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 19, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Parish Sales and Use Tax Commission's financial statements as a whole. The accompanying information identified in the table of contents as the schedule of collections, disbursements, and undistributed balances and the schedule of collections, costs, and distributions on pages 17 and 18 is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedule of collections, disbursements, and undistributed balances and the schedule of collections, costs, and distributions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Douglas A. Breun, LLC

Ruston, Louisiana
December 21, 2012

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

The Management's Discussion and Analysis of the Lincoln Parish Sales And Use Tax Commission's (The Commission) financial performance presents a narrative overview and analysis of Lincoln Parish Sales And Use Tax Commission's financial activities for the year ended June 30, 2012. The document focuses on the current year's activities, resulting changes, and currently known facts within the context of the accompanying basic financial statements and disclosures. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Commission, on a government-wide basis, exceeded its liabilities at June 30, 2012 by \$18,963. Of this amount, \$116 is unrestricted. Assets exceeded liabilities by \$34,069 at June 30, 2011. Of this amount, \$1,608 was unrestricted.
- The Commission's total net assets increased by \$15,106 for the fiscal year ended June 30, 2012. This is mainly a result of \$13,613 in depreciation expense. The Commission's total net assets increased by \$24,720 for the fiscal year ended June 30, 2011.
- The unassigned fund balance of the general fund was \$116 at June 30, 2012, or .04% of the total general fund expenditures. The unreserved fund balance of the general fund was \$1,608 at June 30, 2011, or .39% of the total general fund expenditures.
- The general fund reported a deficit of \$6,715 at June 30, 2012. The general fund reported a surplus of \$100 at June 30, 2011.
- The Commission remitted \$30,360,270 and \$30,065,537 in taxes and interest to its member agencies for the fiscal years ended June 30, 2012 and 2011. This represents an increase of \$294,733 or .98% increase from 2011, and an increase of \$1,466,726, or 5.13% from the 2010 fiscal year, respectively.
- Operating expenses were approximately .98% and 1.97% of tax collections for the fiscal years ending June 30, 2012 and 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special purpose Governments engages in fiduciary activities, established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and analysis-for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

The basic financial statements present information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, Statement of Activities, Balance Sheet – Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, and Statement of Fiduciary Net Assets.

The notes provide additional information that is essential to a full understanding of the basic financial statements.

FINANCIAL STATEMENTS ANALYSIS OF THE ENTITY

The following are condensed financial statements of the Commission:

Statement of Net Assets

	June 30,	
	2011	2012
Assets		
Cash	\$ 4,293	\$ 677
Receivables	-	203
Capital Assets, net	32,461	18,847
Total Assets	\$ 36,754	\$ 19,727
Liabilities And Net Assets		
Accounts Payable and undistributed funds	\$ 3,261	\$ 142
Internal Balances	932	622
Total Liabilities	4,193	764
Total Net Assets	32,561	18,963
Total Liabilities and Net Assets	\$ 36,754	\$ 19,727

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

Statement of Activities

	June 30,	
	2011	2012
Revenues		
Intergovernmental Revenues	\$ 329,541	\$ 291,683
Charges For Services	78,883	119,813
Total Revenues	408,424	291,683
Expenses		
(General Government)		
Personnel Expenses	234,047	224,220
Professional Services	96,007	34,308
Operating Expenses	35,710	31,248
Travel	5,405	3,400
Depreciation	12,535	13,613
Total Distributions & Disbursements	383,704	306,789
Changes in Net Assets	24,720	(15,106)
Net Assets at beginning of year	9,349	34,069
Net Assets at end of year	\$ 34,069	\$ 18,963

BUDGETARY ANALYSIS

The 2012/2013 budget is \$392,850, which is an increase from 2011/2012 of \$9,150. This is primarily due to expected higher operating expenses.

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

ECONOMIC FACTORS

Sales tax collections have been fairly level for the past twelve months. Lincoln Parish is expecting this trend to continue, but we are unsure how long it will continue.

CONTACTING THE COMMISSION'S MANAGEMENT

This financial report is designed to provide a general overview of the Lincoln Parish Sales and Use Tax Commission's fiduciary activities. If you have questions about this report or need additional financial information, contact Jerry W. Moore, Administrator, at (318) 251-8624.

Lincoln Parish Sales and Use Tax Commission
Statement of Net Assets
June 30, 2012

Assets	Governmental Activities	Total
Cash and Cash Equivalents	\$ 677	\$ 677
Receivables	203	203
Capital Assets, net of Depreciation	18,847	18,847
Total Assets	\$ 19,727	\$ 19,727
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 142	\$ 142
Internal Balances	622	622
Total Liabilities	764	764
Net Assets		
Invested in Capital Assets, Net of Related Debt	18,847	18,847
Unrestricted	116	116
Total Net Assets	18,963	18,963
Total Liabilities and Net Assets	\$ 19,727	\$ 19,727

The accompanying notes are an integral part of this financial statement.

Lincoln Parish Sales and Use Tax Commission
Statement of Activities
For The Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 306,789	\$ 119,813	\$ 171,870	\$ -	\$ (15,106)	\$ (15,106)
Total Governmental Activities	<u>\$ 306,789</u>	<u>\$ 119,813</u>	<u>\$ 171,870</u>	<u>\$ -</u>	<u>\$ (15,106)</u>	<u>\$ (15,106)</u>
 Total Primary Government	 <u>\$ 306,789</u>	 <u>\$ 119,813</u>	 <u>\$ 171,870</u>	 <u>\$ -</u>	 <u>\$ (15,106)</u>	 <u>\$ (15,106)</u>

General Revenues:

Interest Income	-	-
Miscellaneous	-	-
Total General Revenues	<u>-</u>	<u>-</u>
Changes in Net Assets	(15,106)	(15,106)
Net Assets - Beginning	34,069	34,069
Net Assets - Ending	<u>\$ 18,963</u>	<u>\$ 18,963</u>

The accompanying notes are an integral part of this financial statement.

Lincoln Parish Sales and Use Tax Commission
Balance Sheet
Governmental Funds
For The Year Ended June 30, 2012

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 677	\$ 677
Due From Taxing Bodies	203	\$ 203
Total Assets	\$ 880	\$ 880
 Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 142	\$ 142
Due To Other Funds	622	\$ 622
Total Liabilities	764	764
Fund Balances		
Unassigned	116	116
Total Fund Balances	116	116
 Total Liabilities and Fund Balances	 \$ 880	

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

18,847

Net Assets of Governmental Activities

\$ 18,963

The accompanying notes are an integral part of this financial statement.

Lincoln Parish Sales and Use Tax Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2012

	General Fund	Total Governmental Funds
Revenues		
Intergovernmental	\$ 171,870	\$ 171,870
Charges for Services	119,813	119,813
Total Revenues	291,683	291,683
Expenditures		
General Government		
Personnel Services	224,220	224,220
Professional Services	34,308	34,308
Operating Expenses	31,248	31,248
Travel	3,400	3,400
Capital Expenditures	5,222	5,222
Total Expenditures	298,398	298,398
Excess (Deficit) of Revenues over Expenditures	(6,715)	(6,715)
Fund Balances, Beginning of Year	6,831	
Fund Balances, End of Year	\$ 116	
 Net Changes in Fund Balances - Total Governmental Funds		 (6,715)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital assets purchased capitalized		5,222
Depreciation expense		(13,613)
		(8,391)
Changes in Net Assets in Governmental Activities		\$ (15,106)

The accompanying notes are an integral part of this financial statement.

Lincoln Parish Sales and Use Tax Commission
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

Assets	
Cash and Cash Equivalents	\$ 147,639
Due From Other Funds	622
Total Assets	<u><u>\$ 148,261</u></u>
Liabilities and Net Assets	
Liabilities	
Due To Taxing Bodies	\$ 622
Sales Tax Paid Under Protest	147,639
Total Liabilities	<u><u>148,261</u></u>

The accompanying notes are an integral part of this financial statement.

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2012

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 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 Village of Choudrant became a participant in 2003. The Lincoln Parish Fire Protection District No. 1 was added in 2009.

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 seven participating agencies. The appointment of the administrator can be revoked by a majority vote of the six agencies. The seven agencies established the Commission composed of nine members, two from the City of Ruston, Lincoln Parish School Board, and Lincoln Parish Police Jury, and one member each from the City of Grambling, Town of Dubach, Village of Choudrant.

The Commission has the authority and is empowered to collect, enforce and administer the respectable sales and use taxes and hotel/motel taxes of the various parties to this agreement. By mutual consent, these seven authorities and the Ruston/Lincoln Convention and Visitors Bureau share in the costs of 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, Village of Choudrant, the Ruston/Lincoln Convention and Visitors Bureau, and the Lincoln Parish Fire Protection District No. 1 for their prorata share each. The Commission generates no revenue, but is simply a conduit for revenues of the 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.

The Commission adopted the provisions of GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 established standards for external reporting for all state and local governmental entities. The Commission is a special-purpose government. It 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
For The Year Ended June 30, 2012

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, additions, distributions, and other disbursements, and other disbursements.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

C. Cash and Cash Equivalents

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 principle offices in Louisiana.

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, 2012, 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%
Village of Choudrant	1.25%
Lincoln Parish Fire District No. 1	.25%
Ruston/Lincoln CVB	4.00%

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets with an original cost of at least \$500 are carried at cost. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 3 to 7 years for software, computer equipment, and furniture.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2012, the Commission's had cash equivalents (book balances) as follows:

Interest-bearing demand deposits	<u>\$148,116</u>
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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 and cash equivalents (bank balances) at June 30, 2012, are secured as follows:

Bank Balances	<u>\$ 170,917</u>
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The bank balances at June 30, 2012 were covered by Federal Deposit Insurance (FDIC). In addition, the financial institution has pledged securities of approximately \$3,203,486 held to cover account balances in excess of \$250,000 during each month.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – OPERATING EXPENSES

The Commission's employees are covered under the Lincoln Parish Police Jury's benefits and retirement systems. As discussed in Note 1, the seven participating agencies share the operating expenses of the Lincoln Parish Sales and Use Tax Commission on a pro rata basis. The operating expenses of the Commission for the 12 months ended June 30, 2012, were \$298,398, which is approximately 1% of tax collections.

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2012

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Commission from time to time is involved in disputes and litigation with taxpayers over the taxability of certain items. When taxes are paid under protest, the disputed funds are deposited in a separate bank account until the dispute is resolved. At June 30, 2012, the Commission held \$147,639 in protested tax remittances.

NOTE 5 – COLLECTION SERVICES FOR OTHER PARISHES

The Commission signed a tax collection agreement with Union Parish in November, 2010, and began collecting sales and use taxes in January, 2011. LPSUTC will receive a fee of 1-1/8th% of collections for the calendar year 2011 and 1 percent (1%) for 2012. Total fees collected during the fiscal year ended June 30, 2012 was \$119,813.

NOTE 6 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 21, 2012, the date on which the financial statements were available to be issued

OTHER SUPPLEMENTAL INFORMATION

Lincoln Parish Sales and Use Tax Commission
Schedule of Collections, Distributions, and Undistributed Balances
Fiduciary Funds
For the Year Ended June 30, 2012

Collections:

Sales and use tax	\$ 29,969,492
Hotel/Motel tax	423,753
Excise tax	3,173
Interest received	622
Total Collections	30,397,040

Distributions:

City of Ruston	8,785,716
Lincoln Parish Police Jury	5,388,210
Lincoln Parish School Board	14,368,592
City of Grambling	553,767
Town of Dubach	67,317
Village of Choudrant	184,630
Lincoln Parish Fire District No. 1	418,821
Ruston/Lincoln Convention & Visitors Bureau	421,347
Operating Expenses Withheld From Distributions	171,870
Total Distributions	30,360,270

Collections Less Distributions 36,770

Undistributed balances at beginning of year 111,491

Undistributed balances at end of year \$ 148,261

See Independent Auditor's Report.

Lincoln Parish Sales and Use Tax Commission
Schedule of Collections, Costs, and Distributions
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Total Collections</u>	<u>Collection Costs</u>	<u>Final Distribution</u>
City of Ruston (1.75%)	\$ 8,835,954	\$ 50,238	\$ 8,785,716
Lincoln Parish Police Jury (.75%)	5,418,843	30,632	5,388,211
Lincoln Parish School Board (2.0%)	14,450,322	81,730	14,368,592
City of Grambling (2.0%)	556,490	2,724	553,766
Town of Dubach (1.0%)	68,048	731	67,317
Village of Choudrant (1.25%)	185,749	1,119	184,630
Lincoln Parish Fire District No. 1 (.25%)	421,097	2,276	418,821
Ruston/Lincoln Convention & Visitors Bureau (4.0%)	423,767	2,420	421,347
Totals	<u>\$ 30,360,270</u>	<u>\$ 171,870</u>	<u>\$ 30,188,400</u>

See Independent Auditor's Report.

**Lincoln Parish Sales and Use Tax Commission
Budgetary Comparison Schedule – General Fund
For The Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Intergovernmental	\$ 383,700	\$ 383,700	\$ 171,870	\$ (211,830)
Charges For Services	-	-	119,813	119,813
Interest Earned	-	-	-	-
Total Revenues	<u>383,700</u>	<u>383,700</u>	<u>291,683</u>	<u>(92,017)</u>
Expenditures				
General Government				
Personnel Services	252,872	252,872	224,220	28,652
Professional Services	73,000	73,000	34,308	38,692
Operating Expenses	43,328	43,328	31,248	12,080
Travel	6,500	6,500	3,400	3,100
Capital Expenditures	8,000	8,000	5,222	2,778
Total Expenditures	<u>383,700</u>	<u>383,700</u>	<u>298,398</u>	<u>85,302</u>
Excess (Deficit) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(6,715)</u>	<u>(6,715)</u>
Fund Balances, Beginning of Year	6,831	6,831	6,831	-
Fund Balances, End of Year	<u>\$ 6,831</u>	<u>\$ 6,831</u>	<u>\$ 116</u>	<u>\$ (6,715)</u>

See Independent Auditor's Report.

Douglas A. Brewer, LLC

Certified Public Accountant

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

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

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Lincoln Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2012, and have issued my report thereon date December 21, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Lincoln 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 Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Parish Sales & 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

The Commission's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Commission's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, 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. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Douglas A. Breun, LLC

Ruston, Louisiana
December 21, 2012

**Lincoln Parish Sales & Use Tax Commission
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2012**

I have audited the financial statements of the Lincoln Parish Sales & Use Tax Commission as of and for the year ended June 30, 2012, and have issued my report thereon dated December 21, 2012. 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. My audit of the financial statements as of June 30, 2012, resulted in an unqualified opinion.

Section I- Summary of Auditors' Reports

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

	Yes	No
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements	X	

B. Federal Awards – N/A

C. Identification of Major Programs: N/A

Lincoln Parish Sales & Use Tax Commission
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2012

Section II- Financial Statement Findings

2012-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund were below the total budgeted revenues by more than five percent.

Criteria:

Under Louisiana law, statute 39:1311 requires that the budget must be amended when actual revenues, within a fund, are less than budgeted revenues by more than five percent.

Effect:

The Commission is not in compliance with the state budget law.

Recommendation:

The Commission should amend it's budget when situations occur that would cause it not to meet it budgetary goals by 5 percent or more during the fiscal year.

Response:

The Commission will monitor the actual expenditures, as well as revenues, closer as they relate to the adopted budgets and will adopt amendments to the original budget when it becomes necessary.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

Lincoln Parish Sales & Use Tax Commission
Schedule of Prior Year Findings
For the Year Ended June 30, 2012

Internal Control and Compliance Material to the Financial Statements

2011-01 Basis of Accounting

Condition:

The Commission presented its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Recommendation:

The Commission should present its financial statements in accordance with GAAP. Since it can legally issue bonded debt, it does not meet the only exception under state law.

Status:

Cleared.

Management Letter

No management letter was issued.

**Lincoln Parish Sales & Use Tax Commission
Management's Corrective Action Plan
For The Year Ended June 30, 2012**

Section II- Financial Statement Findings

2012-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund were below the total budgeted revenues by more than five percent.

Recommendation:

The Commission should amend it's budget when situations occur that would cause it not to meet it budgetary goals by 5 percent or more during the fiscal year.

Management's Response:

The Commission was anticipating an event that did not materialize during the fiscal year ended June 30, 2012. The budget was not amended when it became apparent that the event was not going to occur. We will monitor the actual expenditures, as well as revenues, closer as they relate to the adopted budgets and will adopt amendments to the original budget when it becomes necessary in the future.