

9213

REPORT

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA

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 9-15-04

**LOUISIANA TAX FREE SHOPPING COMMISSION**

**DEPARTMENT OF REVENUE  
STATE OF LOUISIANA**

**INDEX TO REPORT**

**JUNE 30, 2004**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3 - 7
FINANCIAL STATEMENTS:	
Statement of Net Assets .....	8
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	9
Statement of Cash Flows .....	10
Notes to Financial Statements .....	11 - 18
INDEPENDENT AUDITOR'S 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> .....	19 - 20
SUMMARY SCHEDULE OF FINDINGS .....	21
SUPPLEMENTARY INFORMATION:	
Office of Statewide Reporting Package .....	22



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.  
WILLIAM G. STAMM, C.P.A.  
CLIFFORD J. GIFFIN, JR., C.P.A.  
DAVID A. BURGARD, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
GUY L. DUPLANTIER, C.P.A.  
MICHELLE H. CUNNINGHAM, C.P.A.  
DENNIS W. DILLON, C.P.A.

1340 Poydras St., Suite 2000 · New Orleans, LA 70112  
(504) 586-8866  
FAX (504) 525-5888  
cpa@dhmcpa.com

ANN M. HARGES, C.P.A.  
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR., C.P.A.  
(1919-1985)  
FELIX J. HRAPMANN, JR., C.P.A.  
(1919-1990)  
WILLIAM R. HOGAN, JR., C.P.A.  
(1920-1996)  
JAMES MAHER, JR., C.P.A.  
(1922-1992)

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

August 9, 2004

Louisiana Tax Free Shopping Commission  
Department of Revenue  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Tax Free Shopping Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the foregoing index to report. These financial statements are the responsibility of the Louisiana Tax Free Shopping 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 auditing standards generally accepted in the United States of America and *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.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Louisiana Tax Free Shopping Commission as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2004, on our consideration of the Board'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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. *The accompanying Office of Statewide Reporting Package is presented for purposes of additional analysis and is not a required part of the financial statements of the Board.* Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

**Duplantier, Hrapmann, Hogan & Maher, L.L.P.**

**LOUISIANA TAX FREE SHOPPING COMMISSION**  
**DEPARTMENT OF REVENUE**  
**STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

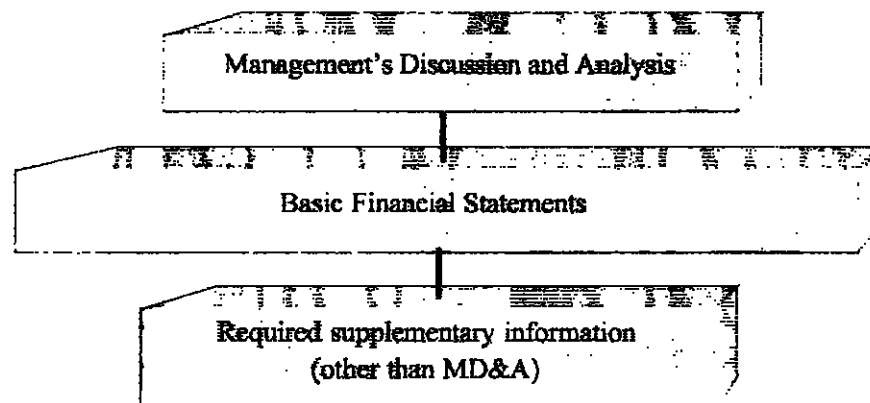
The Management's Discussion and Analysis of the Louisiana Tax Free Shopping Commission's financial performance presents a narrative overview and analysis of Louisiana Tax Free Shopping Commission's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Louisiana Tax Free Shopping Commission's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- The Louisiana Tax Free Shopping Commission's assets exceeded its liabilities at the close of fiscal year 2004 by \$405,394, which represents an increase from last fiscal year. The net assets increased by \$76,620 (or 23%).
- The Louisiana Tax Free Shopping Commission's operating revenues increased by \$91,552 (or 21%) and the net results from activities increased by \$63,352 (or 477%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**LOUISIANA TAX FREE SHOPPING COMMISSION**  
**DEPARTMENT OF REVENUE**  
**STATE OF LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for the Louisiana Tax Free Shopping 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; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Tax Free Shopping Commission is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Net Assets (page 9) presents information showing how Louisiana Tax Free Shopping Commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (page 10) presents information showing how Louisiana Tax Free Shopping Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
 as of June 30, 2004 and 2003  
 (in thousands)

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 528	\$ 381
Capital assets	<u>1</u>	<u>--</u>
Total assets	<u>529</u>	<u>381</u>
Other liabilities	110	44
Long-term debt outstanding	<u>14</u>	<u>8</u>
Total liabilities	<u>124</u>	<u>52</u>
Net assets:		
Invested in capital assets, net of debt	1	--
Restricted	--	--
Unrestricted	<u>404</u>	<u>329</u>
Total net assets	\$ <u><u>405</u></u>	\$ <u><u>329</u></u>

**LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for. The Louisiana Tax Free Shopping Commission has no restricted net assets at June 30, 2004.

Net assets of Louisiana Tax Free Shopping Commission increased by \$76,620 due primarily to an increase in operating revenues (due to handling fees) offset by an increase in operating expenses.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2004 and 2003  
(in thousands)

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 538	\$ 446
Operating expenses	<u>461</u>	<u>(429)</u>
Operating income(loss)	<u>77</u>	<u>17</u>
Non-operating revenues(expenses)	<u>-</u>	<u>(4)</u>
Income(loss) before transfers	<u>77</u>	<u>13</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase(decrease) in net assets	\$ <u><u>77</u></u>	\$ <u><u>13</u></u>

The Louisiana Tax Free Shopping Commission's total revenues increased by \$91,552 or 21%. The total cost of all programs and services increased by approximately \$28,200 or 7%. The increase in revenue is attributable to the fact that international tourism to Louisiana has increased through redirected marketing efforts and newly formed alliances within the travel industry. The increase in expenses is due to increases in personnel costs, travel and supplies that was offset by decrease in operating services and professional fees.

**LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2004, the Louisiana Tax Free Shopping Commission had \$1,475, net of accumulated depreciation of \$15,962 invested in capital assets, including computer equipment and office equipment. (See following Table and notes).

Capital Assets at Year-end  
(Net of Depreciation, in thousands)

	2004		2003
Land	\$ 0		\$ 0
Buildings and improvements	0		0
Equipment	1		0
Infrastructure	0		0
Totals \$	1		0

There was one addition in the current period.

**Debt**

The Louisiana Tax Free Shopping Commission has no bonds or notes outstanding at year-end, and had no bonds or notes outstanding last year.

The Louisiana Tax Free Shopping Commission has no claims and judgments outstanding at year-end, and had none last year. Other obligations include the accrual for future compensated absences.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

There were no amendments to the original budget.



**LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Louisiana Tax Free Shopping Commission's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Revenue projections that were based on more recent travel and spending trends.
- Expenditure projections based on historical information and our expectation of total cost for the program.

The Louisiana Tax Free Shopping Commission expects that next year's results will improve based on the following:

- Anticipation of increased international tourism to Louisiana through redirected marketing efforts and newly formed alliances within the travel industry.
- Travel industry indications of anticipated rebound of international air travel and spending.

**CONTACTING THE LOUISIANA TAX FREE SHOPPING COMMISSION MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Tax Free Shopping Commission's finances and to show the Louisiana Tax Free Shopping Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Ponce de Leon, Director, World Trade Center, #2 Canal Street, Suite 2008, New Orleans, Louisiana, 70130, (504) 568-5323.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

ASSETS:

## Current assets:

Cash (Note 2)	\$ 68,649
Receivables (Note 4)	43,786
Due from other governmental units (Note 3)	402,908
Inventories of supplies	<u>12,746</u>
Total current assets	528,089

## Non-current assets:

Capital assets - equipment, net of depreciation (Note 5)	<u>1,475</u>
Total assets	<u>529,564</u>

LIABILITIES:

## Current liabilities:

Cash overdraft	40,862
Accounts payable and accruals	37,301
Sales tax refunds payable	<u>32,157</u>
Total current liabilities	110,320

## Non-current liabilities:

Compensated absences payable (Note 8)	<u>13,850</u>
Total liabilities	<u>124,170</u>

NET ASSETS:

Invested in capital assets, net of related debt	1,475
Unrestricted	<u>403,919</u>

TOTAL NET ASSETS \$ 405,394

See accompanying notes.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUES: (Note 1)	
Visitor handling fees	\$ 401,525
Membership fees	93,793
Voucher sales	41,213
Use of money and property	1,128
Total operating revenues	<u>537,659</u>
OPERATING EXPENSES:	
Personal services and related benefits	311,312
Travel	12,899
Operating services	107,817
Supplies	9,089
Professional services	15,150
Other charges	4,772
Total operating expenses	<u>461,039</u>
Operating income	<u>76,620</u>
NONOPERATING REVENUES (EXPENSES)	
Reimbursement for sales tax refunds (Note 3)	1,967,127
Sales tax refunds (Note 3)	<u>(1,967,127)</u>
Total nonoperating revenues (expenses)	<u>-</u>
Change in net assets	76,620
NET ASSETS - BEGINNING OF YEAR	<u>328,774</u>
NET ASSETS - END OF YEAR	<u>\$ 405,394</u>

See accompanying notes.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received for services	\$ 552,942
Cash received for other revenue	1,128
Cash payments to suppliers for goods and services	(99,541)
Cash payments for salaries and related expenses	<u>(300,151)</u>
Net cash provided by operating activities	<u>154,378</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Advance from State of Louisiana	75,000
Payments on advance from State of Louisiana	(75,000)
Reimbursements for sales tax refunds	1,782,950
Cash paid for sales tax refunds	<u>(1,958,681)</u>
Net cash used by noncapital financing activities	<u>(175,731)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	<u>(1,580)</u>
Net cash used by capital and related financing activities	<u>(1,580)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(22,933)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

91,582

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 68,649

RECONCILIATION OF OPERATING INCOME  
TO NET CASH USED BY OPERATING ACTIVITIES:

Operating income	\$ 76,620
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	105
Changes in assets and liabilities:	
Receivables	16,411
Inventories of supplies	(2,654)
Accounts payable and accruals	16,999
Compensated absences payable	6,035
Cash overdraft	<u>40,862</u>
Net cash provided by operating activities	<u>\$ 154,378</u>

See accompanying notes.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

INTRODUCTION

The Louisiana Tax Free Shopping Commission (the commission) established within the Department of Revenue, was created under the provisions of Louisiana Revised Statutes (R.S.) 51:1301-1316. The commission is composed of five members who serve without compensation or reimbursement from the state and is charged with operating the Louisiana Tax Free Shopping Program, a sales tax refund program for the purchases of tangible personal property from participating retailers by international travelers. The legislature finds that Louisiana, with its many attractions, has an extraordinary opportunity to generate additional revenue in the form of international tourism. Foreign visitors to the United States represent a more lucrative market than domestic travelers because they use tourism services to a much greater degree than their domestic counterparts. While the Louisiana Tax Free Shopping Program has an initial opportunity cost to state and local governments equal to the amount of sales tax refunded, this loss is offset by additional revenues generated from an increase in foreign tourists, who continue to pay tax on expenditures such as hotels, restaurants, entertainment, rental cars, riverboat rides, and other attractions. The commission is domiciled in New Orleans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation:

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. The Commission applies all GASB pronouncements as well as Financial Accounting Standards (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. All activities of the Commission are accounted for within a single proprietary (enterprise) fund. This fund type is used to report any activity for which a fee is charged to external users for good and services. In addition, these financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statement – Management’s Discussion and Analysis-for State and Local Governments* and related standards. This standard provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity:

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Louisiana Tax Free Shopping Commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility as follows: (1) commission members are designated by state law; (2) the commission is established in the Louisiana Department of Revenue; (3) commission action for sales tax refunds is governed by the Louisiana Tax Free Shopping Program law; (4) sales tax refunds are provided within the boundaries of the state; and (5) additional revenues generated from an increase in foreign tourists benefit the state and its political subdivisions. The accompanying statements present information only as to the transactions of the Louisiana Tax Free Shopping Commission, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

Basis of Accounting:

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The commission uses the following practices in recording revenues and expenses:

Revenues

Revenues are recognized using the full accrual basis of accounting; therefore revenues are recognized in the accounting period in which they are earned and become measurable. Annual membership fees are recognized as revenue in the period due. A portion of each sales tax refund is withheld from the visitor as a handling fee. These fees are recognized as revenue in the month earned. Interest earnings are recorded when the income is earned.

Expenses

Expenses are recognized under the accrual basis of accounting; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budget Practices:

In accordance with R.S. 51:1304, the commission has been established in the Department of Revenue and is authorized to exercise and carry out all powers, duties, and functions to implement the Louisiana Tax Free Shopping Program. These duties include establishing a budget for the program, taking into account anticipated operating revenues and expenditures. The commission prepares its budget of operating revenues and expenditures on the modified accrual basis of accounting and employs it as a management tool throughout the year. The budget is prepared before the first meeting of the fiscal year, at which time the budget is adopted by the commission. At year-end, the budget amounts do not lapse. The budget for the fiscal year ended June 30, 2004, was approved on November 24, 2003. There were no amendments made during the year.

Cash and Cash Equivalents:

The commission considers cash and cash equivalents to be petty cash, cash on hand, and demand deposits. Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana.

Inventory of Materials and Supplies:

Inventories are valued at cost and are recorded as expenditures at the time the items are purchased.

Capital Assets:

Capital assets acquired are recorded at cost. Depreciation is charged to expense over the estimated useful lives of the assets and is determined using the straight-line method.

Employee Compensated Absences:

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employees' hourly rate of pay at the time of termination.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

2. CASH:

At June 30, 2004, the commission has cash (book balances) totaling \$68,649 as follows:

Demand deposits	\$ 35,019
Cash on hand	<u>33,630</u>
Total	<u>\$ 68,649</u>

Under state law, the bank balances of these deposits 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. At June 30, 2004, the commission has \$93,347 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

3. SALES TAX REFUNDS:

For the year ended June 30, 2004, \$1,967,127 of sales tax refunds was processed for foreign visitors under the Louisiana Tax Free Shopping Program. This amount (before the handling fee deduction) relates to sales taxes from the following taxing authorities.

State of Louisiana	\$ 888,154
Orleans Parish	595,789
Jefferson Parish	413,680
Ascension Parish	33,472
East Baton Rouge Parish	24,127
Lafayette Parish	7,707
Other	<u>4,198</u>
Total	<u>\$1,967,127</u>

At June 30, 2004, reimbursements for sales tax refunds were due from the following taxing authorities:

State of Louisiana	\$ 199,849
Orleans Parish	154,207
Jefferson Parish	38,573
Ascension Parish	7,220
East Baton Rouge Parish	1,189
Lafayette Parish	1,026
Other	<u>844</u>
Total	<u>\$ 402,908</u>



LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

4. RECEIVABLES:

The following is a summary of receivables at June 30, 2004:

Membership fees	\$ 26,575
Voucher sales	11,337
Handling fees	3,534
Other receivables	<u>2,340</u>
 Total	 <u>\$ 43,786</u>

5. CAPITAL ASSETS:

Capital activity for the year ended June 30, 2004 was as follows:

	Balance July 1, <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	Adjusted Balance June 30 <u>2004</u>
Equipment	\$ 58,014	\$ 1,580	\$ (42,157)	\$ 17,437
Less: accumulated depreciation	<u>(58,014)</u>	<u>(105)</u>	<u>42,157</u>	<u>(15,962)</u>
	<u>\$ ---</u>	<u>\$ 1,475</u>	<u>\$ ---</u>	<u>\$ 1,475</u>

6. EMPLOYEE RETIREMENT SYSTEM:

Substantially all employees of the commission are members of the Louisiana State Employees' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan. The system is a statewide public employee retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time commission employees are eligible to participate in the system. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

6. EMPLOYEE RETIREMENT SYSTEM: (Continued)

years of service. The system also provides death and disability benefits. Benefits are established or amended by state statute. 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 Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the commission is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004 was 15.8% of annual covered payroll. The commission's contributions to the system for the years ended June 30 2004, 2003 and 2002, were \$26,943, \$26,344 and \$27,014, respectively, equal to the required contributions for the year.

7. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

The commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commission's employees become eligible for these benefits if they reach normal retirement age while working for the commission. These benefits for retirees and similar benefits for active employees are provided through the state's insurance program whose monthly premiums are paid jointly by the employee and the commission. For the year ended June 30, 2004, there were no costs paid for postretirement health care or life insurance benefits.

8. LONG TERM LIABILITIES:

Long-term liabilities consist of compensated absences. The following is a summary of the long-term obligation transactions during the year:

Long-term liabilities payable at July 1, 2003	\$ 7,815
Additions	14,032
Deletions	<u>(7,997)</u>
Long-term liabilities payable at June 30, 2004	<u>\$ 13,850</u>

9. LITIGATION:

There is no pending litigation against the commission at June 30, 2004.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

10. LEASES:

The commission has noncancellable operating leases for rental of office space and office equipment. The commission signed a lease for rental of office space effective July 1, 2003 for a period of 60 months requiring monthly payments of \$1,090. The commission also rents office and storage space on a month-to-month basis for \$747 per month. Total rent for these leases was \$26,480 for the year ended June 30, 2004.

The future annual payments for operating leases are as follows:

Year Ended	<u>Amount</u>
<u>June 30</u>	
2005	\$ 13,078
2006	13,078
2007	13,078
2008	<u>13,078</u>
	<u>\$ 52,312</u>

11. ACCOUNTS PAYABLE AND ACCRUALS:

The following is a summary of accounts payable and accruals at June 30, 2004:

Payroll and payroll taxes payable	\$ 15,309
Accounts payable	<u>21,992</u>
Total	<u>\$ 37,301</u>

12. RELATED PARTY TRANSACTIONS:

The commission is composed of five members, one of whom is nominated by the World Trade Center. On April 17, 2003, the World Trade Center of New Orleans, Inc., entered into a new lease agreement with the Louisiana Tax Free Shopping Commission for the lease of approximately 1,006 square feet on the twentieth floor of the World Trade Center Building at No. 2 Canal Street, New Orleans, Louisiana. The current lease agreement is for a 60-month period effective July 1, 2003, with monthly rental of \$1,090 through June 30, 2008.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

13. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure 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 estimated.



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.  
WILLIAM G. STAMM, C.P.A.  
CLIFFORD J. GIFFIN, JR., C.P.A.  
DAVID A. BURGARD, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
GUY L. DUPLANTIER, C.P.A.  
MICHELLE H. CUNNINGHAM, C.P.A.  
DENNIS W. DILLON, C.P.A.

1340 Poydras St., Suite 2000 · New Orleans, LA 70112  
(504) 586-8866  
FAX (504) 525-5888  
cpa@dhhmcpa.com

A.J. DUPLANTIER JR., C.P.A.  
(1919-1985)  
FELIX J. HRAPMANN, JR., C.P.A.  
(1919-1990)  
WILLIAM R. HOGAN, JR., C.P.A.  
(1920-1996)  
JAMES MAHER, JR., C.P.A.  
(1922-1999)

ANN M. HARGES, C.P.A.  
ROBIN A. STROHMEYER, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

KENNETH J. BROOKS, C.P.A., ASSOCIATE

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

August 9, 2004

Louisiana Tax Free Shopping Commission  
Department of Revenue  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Tax Free Shopping Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 9, 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 Louisiana Tax Free Shopping 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 the Louisiana Tax Free Shopping 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 solely for the information and use of the commission and its management and the Legislative Auditor, 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.

**Duplantier, Hrapmann, Hogan & Maher, L.L.P.**

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Louisiana Tax Free Shopping Commission for the year ended June 30, 2004 was unqualified.
2. Internal Control  
Material weaknesses: none noted  
Reportable conditions: none noted
3. Compliance  
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING  
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None noted

SUMMARY OF PRIOR YEAR FINDINGS:

03-01 Membership Receivables and Revenue

The Louisiana Tax Fee Shopping Commission does not have adequate procedures in place to ensure the reliability of the billing and collection of membership receivables and revenues. We recommend that the membership receivable subsidiary be improved to track invoices billed and that members are billed annually on a timely basis. We also recommend that procedures be established to ensure that receivable balances are reconciled between the general ledger and the subsidiary detail on a consistent and timely basis.

This finding was resolved in the current year.

03-02 Segregation of Duties: Cash Receipts

We noted that duties involving cash receipts were combined during the year, whereby one employee was responsible for the entire cash receipts process. Giving an employee both custodial and record keeping responsibilities for the same asset creates a significant control weakness. While we understand that a complete segregation of duties is impractical in an office with limited personnel, we believe that changes could be made that would significantly improve controls. We understand that management has implemented new procedures that segregate the handling, recording and depositing of cash receipts. Additionally, management has informed us of potential allegations of fraud as a result of the lack of segregation of duties that are currently under investigation. We suggest that management continue to maintain and monitor these policies and procedures.

This finding was resolved in the current year.

LOUISIANA TAX FREE SHOPPING COMMISSION  
DEPARTMENT OF REVENUE  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004

ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,  
DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE  
REPORTING AND ACCOUNTING POLICY

The supplementary information presents the financial position of the Louisiana Tax Free Shopping Commission as of June 30, 2004, and the results of its operations for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.



---

**OFFICE OF STATEWIDE REPORTING PACKAGE**

---

Louisiana Tax Free Shopping Commission  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2004

CONTENTS

AFFIDAVIT

Statements

MD&A (See audit report pages 3-7)

Balance Sheet A

Statement of Revenues, Expenses, and Changes in Fund Net Assets B

Statement of Activities C

Statement of Cash Flows D

Notes to the Financial Statements

- A. Summary of Significant Accounting Policies
- B. Budgetary Accounting
- C. Deposits with Financial Institutions and Investments
- D. Capital Assets
- E. Inventories
- F. Restricted Assets
- G. Leave
- H. Retirement System
- I. Post Retirement Health Care and Life Insurance Benefits
- J. Leases
- K. Long-Term Liabilities
- L. Litigation
- M. Related Party Transactions
- N. Accounting Changes
- O. In-Kind Contributions
- P. Defeased Issues
- Q. Cooperative Endeavors
- R. Government-Mandated Nonexchange Transactions (Grants)
- S. Violations of Finance-Related Legal or Contractual Provisions
- T. Short-Term Debt
- U. Disaggregation of Receivable Balances
- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets

Schedules

- 1 Schedule of Per Diem Paid Board Members
- 2 Schedule of State Funding
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 15 Schedule of Comparison Figures and Instructions

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2004

LOUISIANA TAX FREE SHOPPING COMMISSION

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Lisa Ponce de Leon (Name)  
(Title) of Director of Louisiana Tax Free Shopping (Agency) who duly sworn, deposes and says, that the  
financial statements herewith given present fairly the financial position of  
(agency) at June 30, 2004 and the results of operations for the year then ended in accordance with  
policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.  
Sworn and subscribed before me, this 23<sup>rd</sup> day of August, 2004.

Lisa Ponce de Leon  
Signature of Agency Official

Charles L. ... (#25218)  
NOTARY PUBLIC  
My commission is for life

Prepared by: Lisa Ponce de Leon  
Title: Director  
Telephone No.: 504 568-5593  
Date: August 23, 2004

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2004**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	<u>68,649</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>445,554</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		<u>12,746</u>
Prepayments		
Notes receivable		
Other current assets		
Total current assets		<u>528,089</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		<u>1,475</u>
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>1,475</u>
Total assets	\$	<u>529,564</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	<u>59,458</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		<u>40,892</u>
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>110,320</u>

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>13,850</u>
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>13,850</u>
Total liabilities		<u>124,170</u>

**NET ASSETS**

Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		<u>1,475</u>
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>403,919</u>
Total net assets		<u>405,394</u>
Total liabilities and net assets	\$	<u>529,564</u>

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

Statement A

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ <u>536,531</u>
Assessments	
Use of money and property	<u>1,128</u>
Licenses, permits, and fees	
Other	
Total operating revenues	<u>537,659</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	<u>460,934</u>
Administrative	
Depreciation	<u>105</u>
Amortization	
Total operating expenses	<u>461,039</u>
Operating income(loss)	<u>76,620</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	
Total non-operating revenues(expenses)	<u>-</u>
Income(loss) before contributions and transfers	<u>76,620</u>
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	<u>76,620</u>
Total net assets - beginning	<u>328,774</u>
Total net assets - ending	\$ <u><u>405,394</u></u>

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

Statement B

STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Component Unit:				
Louisiana Tax Free				
Shopping Commission	\$ 461,039	\$ 536,531	\$	\$ 75,492
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				465
Miscellaneous				663
Special items				
Transfers				
Total general revenues, special items, and transfers				1,128
Change in net assets				76,620
Net assets - beginning				328,774
Net assets - ending				\$ 405,394

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 552,942	
Cash payments to suppliers for goods and services	(99,541)	
Cash payments to employees for services	(300,151)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	1,128	
Net cash provided(used) by operating activities		<u>154,378</u>
<b>Cash flows from non-capital financing activities</b>		
Advance from State	75,000	
Payments on advance from State	(75,000)	
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Reimbursements for sales tax refunds	1,782,950	
Cash paid for sales tax refunds	(1,958,681)	
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>(175,731)</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(1,580)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(1,580)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>(22,933)</u>
Cash and cash equivalents at beginning of year		<u>91,582</u>
Cash and cash equivalents at end of year	\$	<u>68,649</u>

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)	\$	<u>76,620</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>105</u>	
Provision for uncollectible accounts	<u>          </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>16,411</u>	
(Increase)decrease in due from other funds	<u>          </u>	
(Increase)decrease in prepayments	<u>          </u>	
(Increase)decrease in inventories	<u>(2,654)</u>	
(Increase)decrease in other assets	<u>          </u>	
Increase(decrease) in accounts payable and accruals	<u>16,999</u>	
Increase(decrease) in accrued payroll and related benefits	<u>6,035</u>	
Increase(decrease) in compensated absences payable	<u>          </u>	
Increase(decrease) in due to other funds	<u>          </u>	
Increase(decrease) in deferred revenues	<u>          </u>	
Increase(decrease) in other liabilities	<u>40,862</u>	
Net cash provided(used) by operating activities	\$	<u><u>154,379</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	<u>          </u>
Contributions of fixed assets	<u>          </u>
Purchases of equipment on account	<u>          </u>
Asset trade-ins	<u>          </u>
Other (specify)	<u>          </u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>
Total noncash investing, capital, and financing activities:	<u><u>          </u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D



**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2004**

**INTRODUCTION**

The Louisiana Tax Free Shopping Commission (LTFSC) is a component unit of the State of Louisiana created within the Louisiana Department of Revenue. LTFSC was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 51:1301. The LTFSC is composed of five members. One member is nominated by the World Trade Center. The other four members include the following: the Governor (or her designee), the Lieutenant Governor (or his designee), the Secretary of the Department of Revenue (or his designee) and the State Treasurer (or his designee). There is no stated limit on the commissioners' term. The LTFSC is charged with the responsibility of administering a sales tax refund program for the purchases of tangible personal property by international visitors. Operations of the LTFSC are funded with self-generated revenues.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

In April of 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. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Tax Free Shopping Commission present information only as to the transactions of the programs of the LTFSC as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the LTFSC are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The LTFSC utilizes the following budgetary practices:

Annually, the LTFSC approves a budget. The budget is prepared and reported on the modified accrual basis of accounting. There were no amendments to the budget.

STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2004

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the LTFSC may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the LTFSC may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. (separate disclosure no longer required)

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. (separate disclosure no longer required)

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. (separate disclosure still required)

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION**

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2004**

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 35,019	\$	\$	\$ 35,019
<i>Bank balances (category 3 only, if any)</i>				
Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$	\$	\$	\$ -
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				-
<b>Total category 3 bank balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total bank balances (All categories including category 3 reported above)</b>	<b>\$ 93,347</b>	<b>\$</b>	<b>\$</b>	<b>\$ 93,347</b>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Bank One	LTFSC	\$ 38,104
2. Whitney National Bank	LTFSC	53,144
3. Hibernia National Bank	LTFSC	2,099
4. _____	_____	_____
<b>Total</b>		<b>\$ 93,347</b>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ 0
Cash on hand	\$ 33,630

**2. INVESTMENTS – NOT APPLICABLE**

The LTFSC does not maintain investment accounts.

**3. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE**

STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION

Notes to the Financial Statement

As of and for the year ended June 30, 2004

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004						Balance 6/30/2004
	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retirements	
<b>Capital assets not being depreciated</b>							
Land	--	--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
<b>Total capital assets not being depreciated</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	58,014	--	58,014	1,580	--	(42,157)	17,437
Less accumulated depreciation	(58,014)	--	(58,014)	(105)	--	42,157	(15,962)
<b>Total furniture, fixtures, and equipment</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,475</b>	<b>--</b>	<b>--</b>	<b>1,475</b>
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total buildings and improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total depreciable land improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total infrastructure</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total other capital assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,475</b>	<b>--</b>	<b>--</b>	<b>1,475</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	58,014	--	58,014	1,580	--	(42,157)	17,437
<b>Total cost of capital assets</b>	<b>58,014</b>	<b>--</b>	<b>58,014</b>	<b>1,580</b>	<b>--</b>	<b>(42,157)</b>	<b>17,437</b>
Less accumulated depreciation	(58,014)	--	(58,014)	(105)	--	42,157	(15,962)
<b>Capital assets, net</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,475</b>	<b>--</b>	<b>--</b>	<b>1,475</b>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES

The unit's inventories are valued at cost. These are perpetual inventories and are expensed when used.

STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2004

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The LTFSC has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations. As of June 30, 2004 a liability is recorded in the Statement of Net Assets in the amount of \$ 13,850.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ 0. The leave payable is not recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the LTFSC are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time LTFSC employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION**

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2004**

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 15.8% of annual covered payroll from the 14.1% and 13.0% required in fiscal years ended June 30, 2003 and 2002, respectively. The (BTA) contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$ 26,943, \$26,344, and \$27,014, respectively, equal to the required contributions for each year.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – NOT APPLICABLE**

The LTFSC had no retirees at June 30, 2004.

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year ended June 30, 2004 amounted to \$ 26,480.

A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010- 2014</u>	<u>FY2015- 2019</u>
<i>Office Space</i>	\$ 13,078	\$ 13,078	\$ 13,078	\$ 13,078	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 13,078</b>	<b>\$ 13,078</b>	<b>\$ 13,078</b>	<b>\$ 13,078</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**2. CAPITAL LEASES – NOT APPLICABLE**

**3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE**

**4. LESSOR – OPERATING LEASE – NOT APPLICABLE**

STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
<b>Bonds and notes payable:</b>					
Notes payable	\$ --	\$ --	\$ --	\$ --	\$ --
Reimbursement contracts payable	--	--	--	--	--
Bonds payable	--	--	--	--	--
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other liabilities:</b>					
Contracts payable	--	--	--	--	--
Compensated absences payable	7,815	14,032	7,997	13,850	--
Capital lease obligations	--	--	--	--	--
Liabilities payable from restricted assets	--	--	--	--	--
Claims and litigation	--	--	--	--	--
Other long-term liabilities	--	--	--	--	--
Total other liabilities	<u>7,815</u>	<u>14,032</u>	<u>7,997</u>	<u>13,850</u>	<u>--</u>
Total long-term liabilities	<u>7,815</u>	<u>14,032</u>	<u>7,997</u>	<u>13,850</u>	<u>--</u>

**L. LITIGATION**

- The LTFSC had no pending litigation as of June 30, 2004.

**M. RELATED PARTY TRANSACTIONS**

The LTFSC had the following related party transaction as defined by FASB 57.

The Commission is composed of five members, one of whom is nominated by the World Trade Center. On April 17, 2003, the World Trade Center of New Orleans, Inc., entered into a new lease agreement with the LTFSC for the lease of approximately 1,006 square feet on the twentieth floor of the World Trade Center Building at No. 2 Canal Street, New Orleans, Louisiana. The current lease agreement is for a 60-month period effective July 1, 2003 with monthly rental of \$ 1,090 through June 30, 1998.

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. COOPERATIVE ENDEAVORS – NOT APPLICABLE**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
LTFSC	\$ -	\$ -	\$ 402,908	\$ 43,786	\$ 446,694
Gross receivables	\$ -	\$ -	\$ 402,908	\$ 43,786	\$ 446,694
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ 402,908	\$ 43,786	\$ 446,694
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Sales Tax Refunds	Other Payables	Total Payables
LTFSC	\$ 21,992	\$ 15,309	\$ 32,157	\$ 40,862	\$ 110,320
Total payables	\$ 21,992	\$ 15,309	\$ 32,157	\$ 40,862	\$ 110,320

W. SUBSEQUENT EVENTS – NOT APPLICABLE

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE



STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

The following adjustments were made to restate beginning net assets for June 30, 2004.

Ending net assets July 1, 2003, <u>previously reported</u>	\$	Adjustments <u>+ or (-)</u>	\$	Beginning net assets, July 1, 2003, <u>As restated</u>
_____		_____		--
_____		_____		--
_____		_____		--
_____		_____		--
_____		_____		--
_____		_____		--



**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
SCHEDULE OF STATE FUNDING  
For the Year Ended June 30, 2004**

**NOT APPLICABLE**

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
JUNE 30, 2004**

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

\*Send copies of new amortization schedules





**STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
 For The Year Ended June 30, 2004**

**NOT APPLICABLE**

Fiscal Year Ending:	Principal	Interest
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>

**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For The Year Ended June 30, 2004**

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ --
2006	_____	_____	_____	--
2007	_____	_____	_____	--
2008	_____	_____	_____	--
2009	_____	_____	_____	--
2010-2014	_____	_____	_____	--
2015-2019	_____	_____	_____	--
2020-2024	_____	_____	_____	--
2025-2029	_____	_____	_____	--
<b>Total</b>	<b>\$ <u>    --    </u></b>	<b>\$ <u>    --    </u></b>	<b><u>    --    </u></b>	<b><u>    --    </u></b>

SCHEDULE 4-B



**STATE OF LOUISIANA  
LOUISIANA TAX FREE SHOPPING COMMISSION  
SCHEDULE OF NOTES PAYABLE AMORTIZATION**

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

**STATE OF LOUISIANA  
 LOUISIANA TAX FREE SHOPPING COMMISSION  
 SCHEDULE OF BONDS PAYABLE AMORTIZATION  
 For The Year Ended June 30, 2004**

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ -	\$ _____ -

STATE OF LOUISIANA

LOUISIANA TAX FREE SHOPPING COMMISSION

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 537,659	\$ 446,107	\$ 91,552	\$ 20.52%
Expenses	461,039	428,816	32,223	7.51%
2) Capital assets	1,475	0	(1,475)	(100.00%)
Long-term debt	13,850	7,815	6,035	77.23%
Net Assets	405,394	328,774	76,620	23.31%
Explanation for change:	LONG TERM DEBT - DUE TO COMPENSATED ABSENCES			
	REVENUE - DUE TO INCREASE IN HANDLING FEES			
	NET ASSETS - DUE TO INCREASE IN REVENUE			

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 510,600	\$ 510,600	\$ 0	\$ 0.00%
Expenditures	509,840	509,840	0	0.00%

Explanation of change:

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	510,600	537,659	27,059	5.30%
Expenditures	509,840	461,039	48,801	9.58%

Explanation of change: