

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Annual Financial Statements
With Independent Auditor's Report

As of and For the Year Ended
June 30, 2014
With Supplemental Information Schedules

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Annual Financial Statements
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**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Management's Discussion and Analysis
As of and For the Year Ended June 30, 2014

Introduction

This section of the Jackson Parish Sales Tax Collection Agency's (Agency) annual financial report presents an overview and analysis of the Agency's financial activities for the year ended June 30, 2014. The intent of the management's discussion and analysis is to look at the Agency's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Agency's operations.

Financial Highlights

This annual report consists of a series of financial statements. The financial statements presented herein include the activities of the Agency. *Government-wide financial statements* provide both short-term and long-term information about the Agency's overall financial status. *Fund financial statements* focus on the individual activities of Agency government, reporting the Agency's operations in more detail than the government-wide financial statements.

Government-Wide Financial Statements

The Government-Wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The Statement of Net Position presents information on all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resource) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Over time, increases or decreases in net position may serve as useful indicators of whether the Agency's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and expenses will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Agency are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the Agency's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Agency. The Agency also maintains a Fiduciary Fund, in which these funds are simply held for other parties and cannot be used for any of the Agency's activities; it is not included in the Government-Wide statement, but is separately reported in the statements of the Fiduciary Fund.

Summary of the Government-Wide Statements

Summary of Statement of Net Position

	2014	2013
Assets		
Current assets	\$ 25,857	\$ 16,422
Capital assets, net of accumulated depreciation	11,828	278
Total Assets	\$ 37,685	\$ 16,700
Deferred Outflows of Resources		
Software down payment	7,500	-
Total Deferred Outflows of Resources	7,500	-
Liabilities		
Accounts payable	\$ 6,983	\$ 1,137
Payroll liabilities	6,640	6,719
Other	9,571	7,438
Total liabilities	23,194	15,294
Deferred Inflows of Resources		
Software down payment	7,500	-
Total Deferred Inflows of Resources	7,500	-
Net Position		
Net investment in capital assets	11,828	278
Unrestricted	2,663	1,128
Total Net Position	\$ 14,491	\$ 1,406

Summary of Statement of Activities

	2014	2013
Revenues		
Program Revenues		
Charges for services	\$ 168,577	\$ 145,593
General Revenues		
Interest	5	5
Other income	953	585
Total Revenues	169,535	146,183
 Expenses		
Personnel services	109,045	106,008
Legal and accounting	14,443	6,860
Operating services	32,962	34,902
Total Expenses	156,450	147,770
 Change in Net Position	\$ 13,085	\$ (1,587)

The Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,491 (net position) for the year, and the net position for the prior year was \$1,406.

Unrestricted net position of \$2,663 represents the portion available to maintain the Agency's obligations to both citizens and creditors. For the prior year, this was \$1,128, an increase of \$1,535 for the year.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2014, the Agency's investment in capital assets was \$11,828 (net of accumulated depreciation). This amount includes furniture and equipment. During the year, the Agency added \$13,648 in computer hardware including a server, two personal computers, a printer, and the labor associated with setting up and configuring the equipment.

Long-Term Debt. At the end of the fiscal year, the Jackson Parish Sales Tax Collection Agency had a total long-term debt of \$9,571. The long-term debt consists entirely of compensated absences.

General Fund Budgetary Highlights

The actual revenues were \$5,598 more than the budgeted amount for the year and expenditures were \$2,110 more than the budgeted amount for the year. The actual amounts for other financing sources was greater than the budgeted amounts by \$179 for the year ended June 30, 2014.

Economic Factors and Next Year's Budget

The primary revenue source is the charges for services received from the different taxing bodies based on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all during the preceding month. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for the year ended June 30, 2015 should not significantly differ from the budget for the year end June 30, 2014.

Contacting the Agency

This financial report is designed to provide our citizens and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Debra Jackson, Tax Administrator, Jackson Parish Sales Tax Collection Agency, P. O. Box 666, Jonesboro, Louisiana 71251.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary fund information of the Agency as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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. We have applied certain limited procedures to the management's discussion and analysis 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison listed as required supplementary information in the table of contents and the supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison statement and the supplementary information 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, on our consideration of the Agency's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

October 24, 2014
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Statement of Net Position
As of June 30, 2014

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 15,707
Receivables	<u>10,150</u>
TOTAL CURRENT ASSETS	\$ 25,857
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	<u>11,828</u>
TOTAL ASSETS	<u><u>\$ 37,685</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Software down payment	<u>\$ 7,500</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,500</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 6,983
Payroll liabilities	<u>6,640</u>
TOTAL CURRENT LIABILITIES	\$ 13,623
Non-Current Liabilities:	
Compensated absences	<u>9,571</u>
TOTAL LIABILITIES	<u>\$ 23,194</u>
 DEFERRED INFLOWS OF RESOURCES	
Software down payment	<u>\$ 7,500</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 7,500</u>
 NET POSITION	
Net investment in capital assets	11,828
Unrestricted	<u>2,663</u>
TOTAL NET POSITION	<u><u>\$ 14,491</u></u>

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

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Statement of Activities
For the Year Ended June 30, 2014

	MAJOR FUND				Net (Expense) Revenue and Changes in Net Position
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 156,450	\$ 168,577	\$ -	\$ -	\$ 12,127
Total governmental activities	<u>\$ 156,450</u>	<u>\$ 168,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,127</u>
GENERAL REVENUES					
Interest					5
Miscellaneous					953
Total general revenues					<u>958</u>
Change in net position					13,085
Net position - June 30, 2013					1,406
Net position - June 30, 2014					<u>\$ 14,491</u>

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

FUND FINANCIAL STATEMENTS

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Balance Sheet - Governmental Fund
As of June 30, 2014

	General Fund
ASSETS	
Cash and equivalents	\$ 15,707
Receivables, net	<u>10,150</u>
TOTAL ASSETS	\$ 25,857
DEFERRED OUTFLOWS OF RESOURCES	
Software down payment	<u>7,500</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 33,357</u>
LIABILITIES	
Liabilities:	
Accounts payable	\$ 6,983
Payroll liabilities	<u>6,640</u>
TOTAL LIABILITIES	<u>\$ 13,623</u>
DEFERRED INFLOWS OF RESOURCES	
Software down payment	<u>\$ 7,500</u>
Fund Balances:	
Unassigned	<u>\$ 12,234</u>
TOTAL FUND BALANCE	<u>\$ 12,234</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 33,357</u>

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

Jackson Parish Sales Tax Collection Agency
 Jackson Parish, Louisiana

Reconciliation of the Governmental Fund
 Balance Sheet to the Statement of Net Position
 As of June 30, 2014

Total Fund Balance of General Fund at June 30, 2014	\$ 12,234
Total Net Position amounts reported for Governmental Activities in the Statement of Net Position (Statement A) are different because:	
Capital Assets used in Governmental Activities are not financial resources; and, therefore, are not reported in the governmental fund	
Capital assets	65,646
Accumulated depreciation	(53,818)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund	
Accrued Compensated absences	<u>(9,571)</u>
Net Position of governmental activities at June 30, 2014	<u><u>\$ 14,491</u></u>

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

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2014

	General Fund
REVENUES	
Charges for services	\$ 168,577
Interest	5
Other income	<u>953</u>
TOTAL REVENUES	<u>\$ 169,535</u>
EXPENDITURES	
Personnel services	106,912
Legal and accounting	14,443
Operating services	30,865
Capital Outlay	<u>13,648</u>
TOTAL EXPENDITURES	<u>\$ 165,868</u>
EXCESS (Deficiency) OF REVENUES	\$ 3,667
FUND BALANCES - June 30, 2013	<u>8,567</u>
FUND BALANCES - June 30, 2014	<u><u>\$ 12,234</u></u>

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

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2014

Total net change in fund balance - governmental fund (Statement E)	\$	3,667
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities (Statement B), the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Current year depreciation		(2,097)
Capital outlay		13,648
<p>Accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds</p>		
Change in accrued compensated absences		<u>(2,133)</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>13,085</u></u>

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

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Statement of Fiduciary Net Position
As of June 30, 2014

	Fiduciary Activities
ASSETS	
Cash and cash equivalents	<u>\$ 2,066,629</u>
TOTAL ASSETS	<u><u>\$ 2,066,629</u></u>
LIABILITIES	
Unsettled Deposits - Due to Others	<u>\$ 2,066,629</u>
TOTAL LIABILITIES	<u><u>\$ 2,066,629</u></u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

1. Introduction

As provided by Louisiana Statutes 33:2711(c), the Jackson Parish Sales Tax Collection Agency serves as the collector of sales and use taxes for the parish. The Agency is governed by a Board of Commissioners comprised of five members; two members are selected from the Jackson Parish School Board, one from the Jackson Parish Police Jury, and one each from the municipalities of Jonesboro and Hodge, Louisiana, in accordance with a joint intergovernmental agreement among the agencies. The commissioners serve for indefinite terms at the pleasure of the taxing authority appointing them. The members of the Board serve without benefit of compensation. The Jackson Parish Sales Tax Collection Agency has two full-time positions; the Tax Administrator, appointed by the Board of Commissioners, and one employee who performs support functions.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

b. The Reporting Entity

As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury, is the financial reporting entity for Jackson Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Jackson Parish Police Jury for financial reporting purposes. Governmental Accounting Standards Board Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority or an organization's governing body, and
 - i. The ability of the police jury to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the police jury regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

The Jackson Parish Sales Tax Collection Agency was created as a political subdivision under the provisions of Louisiana Revised Statute 33:2711(c). Members of the Board of Commissioners are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Agency is the collector for all sales and use taxes within the parish. Based on the above, the Jackson Parish Sales Tax Collection Agency was determined to be a separate governmental reporting entity. The Jackson Parish Sales Tax Collection Agency includes all funds, activities, etc., that are within the primary responsibility of the Agency. Certain units of local government over which the Agency exercises no primary responsibility, such as the Jackson Parish Police Jury, Jackson Parish School Board, Jackson Parish Tax Assessor, Jackson Parish Clerk of Court, municipalities within the parish, and other independently elected officials are excluded from the accompanying financial statements. These local governments are neither controllable by nor answerable to the Jackson Parish Sales Tax Collection Agency. Further, their operations do not require the approval of the Agency nor is the Agency legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Jackson Parish Sales Tax Collection Agency.

c. Government-Wide Financial Statements

The Agency's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the Governmental Activities for the Agency. Fiduciary activities of the Agency are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

d. Fund Financial Statements

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

Governmental Fund

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Agency has presented all major funds that met those qualifications.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due and claim and judgements and compensated absences recorded as expenditures when paid with expendable available financial resources.

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Fund

Fiduciary Funds are used to account for assets held by the Agency in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Agency, these funds are not incorporated into the Government-Wide statements.

e. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Agency did not have any nonspendable funds for the year ended June 30, 2014.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Agency did not have any restricted funds for the year ended June 30, 2014.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Agency did not have any committed funds for the year ended June 30, 2014.

Assigned: This classification includes amounts that are constrained by the Agency's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board of Commissioners delegating this responsibility to the Tax Administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Agency has no assigned funds for year ended June 30, 2014.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. All general funds of the Agency are designated as unassigned.

The Agency would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

f. Budgetary Practices

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Agency adopts an annual operating budget for the general fund. The budget was made available for public inspection at the time of adoption. The Board of Commissioners must meet and approve all budget changes and amendments, and all appropriations lapse at year end. Budgetary data for the general fund is prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliations between legally enacted basis and GAAP basis is required.

The Jackson Parish Sales Tax Collection Agency's office performs only a custodial function in the case of fiduciary funds and therefore a budget for these funds is not appropriate.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

g. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and savings accounts. Under state law, the Jackson Parish Sales Tax Collection Agency may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

h. Investments

Under state law, the Jackson Parish Sales Tax Collection Agency may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. Investments are stated at cost.

i. Capital Assets

Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Agency maintains a threshold level of \$500 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Furniture, computers	5 years
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j. Compensated Absences

Full-time Agency employees may earn from twelve to twenty-one days of annual leave and five days of sick leave per year depending on length of service. Upon resigning, employees may be paid for annual and sick leave up to twenty days each. Retiring employees are not paid for accrued annual leave in excess of twenty days, but are given credit toward retirement length of service. Retiring employees may elect to be paid for accrued sick leave up to twenty-five days.

k. Use of Estimates

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

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

3. Cash and Cash Equivalents

At June 30, 2014, the Agency has \$2,818,606 in deposits (collected bank balances). 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 in the form of safekeeping receipts held by the Agency. The deposits at June 30, 2014, were secured as follows:

Bank Balances	\$ 2,818,606
Insured by FDIC	\$ 250,000
Insured by Pledged Securities	2,864,494
Overinsured (Underinsured) balances	\$ 295,888

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Jackson Parish Sales Tax Collection Agency has complied with these requirements of state law.

Cash and investments are categorized below to give an indication of the level of risk assumed by the Agency at June 30, 2014. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Jackson Parish Sales Tax Collection Agency has cash and cash equivalents that are covered by \$250,000 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

4. Capital Assets

The following is a summary of capital asset balances and activity for the year ended June 30, 2014:

Governmental Activities	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets:				
Furniture, computers	\$ 51,998	\$ 13,648	\$ -	\$ 65,646
Total capital assets	51,998	13,648	-	65,646
Less: Accumulated Depreciation				
Furniture, computers	51,721	2,097	-	53,818
Net Capital Assets	\$ 277	\$ 11,550	\$ -	\$ 11,828

Depreciation expense for the current year is \$2,097, charged to the general government.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

5. Accounts Payable

The following is a summary of accounts payable as of June 30, 2014:

<u>Class of Payable</u>	
Vendors	\$ 6,983
Salaries and benefits	6,640
Total	<u>\$ 13,623</u>

6. Long-Term Obligations

The following schedule is a summary of the long-term obligation transactions for the year ended June 30, 2014.

	<u>Compensated Absences</u>
Long-Term obligations payable June 30, 2013	\$ 7,438
Net change	<u>2,133</u>
Long-Term obligations payable June 30, 2014	<u>\$ 9,571</u>

7. Deferred Outflows and Deferred Inflows of Resources

On June 25, 2014, the Agency paid for a Revenue Collection System (RCS TM) software in the amount of \$7,500 for a contract which begins on July 1, 2014 and extends for two years for support from Software and Services. Since the software will not be placed in service until after the year end this \$7,500 payment is recorded as a deferred outflow of resources. The Agency's funding system requires that it make purchases for which it is reimbursed at the end of the month. Therefore the Agency received \$7,500 as a reimbursement for the down payment. Again since the software will not be placed in service by the end of the year, this income is recorded as a deferred inflow of resources.

8. Litigation and Claims

Management advised that the Agency is not involved in any legal action which would have a negative impact on the Agency. Any potential liability arising from the suits against the Agency would be a liability of the respective taxing bodies for which the Agency handles collections and not a liability of the Jackson Parish Sales Tax Collection Agency.

9. Pension Commitments

The employees of the Jackson Parish Sales Tax Collection Agency are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. The employees of the Agency are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part by the Jackson Parish Sales Tax Collection Agency are eligible to participate in the System.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

Under Plan A, employees who retire at age 65 with at least 7 years of creditable service; at or after age 60 with at least 10 years of creditable service; at or after age 55 with at least 25 years of creditable service; or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established 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 Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The rate was 16.75% of covered payroll for the year ending June 30, 2014. Contributions to the System also include $\frac{1}{4}$ of 1 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Agency are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Agency's contributions to the System under Plan A for the years ending June 30, 2014, June 30, 2013, June 30, 2012, were \$13,329, \$13,130, and \$12,521, respectively, equal to the required contributions for each year.

10. Risk Management

The Agency is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Agency. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

11. Contingency

The Jackson Parish Sales Tax Collection Agency has received a request for a refund of sales and use tax for the calendar years 2007, 2008 and 2009. This request involves the assertion by EXCO Operating Company, LLP that sales and use tax were erroneously paid to the Agency. The Agency is currently reviewing their records concerning EXCO. Until this review is completed, the outcome of this request cannot be determined.

Jackson Parish Sales Tax Collection Agency
Notes to the Financial Statements
As of and For the Year Ended June 30, 2014

12. Impact of Recently Issued Accounting Principles

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. The objective of this Statement is to improve the usefulness of pension information in the general purpose financial reports of state and local governmental pension plans. This Statement replaces the requirements of Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts that meet certain criteria. GASB issued Statement 68, *Accounting for Financial Reporting for Pensions*, at the same time; in addition, GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68*, is effective when GASB 68 is implemented. These three Statements are closely related and reference one another. Statement 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement 67, as well as for non-employer governments that have a legal obligation to contribute to those plans. GASB 71 amend paragraph 138 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB 67 provisions do not impact the Agency's current financial statements. GASB 68 and GASB 71 provisions are effective for financial statements for periods beginning after June 15, 2014.

GASB Statement 69, issued in January of 2013, titled *Government Combinations and Disposals of Government Operations*, establishes accounting and financial standards related to government combinations and disposals of government operations. Government combinations include transactions often referred to as mergers, acquisitions, and transfers of operations. This Statement requires different valuations of assets and liabilities based upon the type of combination. GASB 69 requires disclosures to be made that enables financial statement users to evaluate the nature and financial effects of those transactions. This Statement is in effect for reporting periods beginning after December 15, 2013. The Agency's current financial statements are not impacted by this Statement.

GASB issued GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, in April of 2013, to be effective for reporting periods beginning after June 15, 2013. For governments who extend and receive nonexchange financial guarantees, GASB 70 intends to improve accounting and financial reporting. This Statement requires that a government that engages in nonexchange financial transactions recognize liabilities for such transactions, and the Statement specifies the information to be disclosed by governments. Except for disclosures related to cumulative amounts paid or received in relation to nonexchange financial guarantee, the provisions of this statement are to be applied retroactively. GASB 70 does not have an impact on the Agency's current financial statements.

13. Subsequent Events

Management has evaluated subsequent events through October 24, 2014, the date which the financial statements were available to be issued, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budget Original & Final	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services	\$ 162,979	\$ 168,577	\$ 5,598
Interest	-	5	5
Other income	780	953	173
TOTAL REVENUES	<u>163,759</u>	<u>169,535</u>	<u>5,776</u>
EXPENDITURES			
Personnel services			
Insurance - group	\$ 9,500	\$ 9,877	\$ (377)
Insurance - workers' compensation	800	774	26
Payroll tax	1,700	1,532	168
Retirement	13,534	13,329	205
Salary	81,400	81,400	(0)
Total personnel services	<u>\$ 106,934</u>	<u>\$ 106,912</u>	<u>\$ 22</u>
Legal and accounting			
Accounting fees	2,000	2,000	-
Annual audit	5,250	5,250	-
Legal fees	500	7,193	(6,693)
Total legal and accounting	<u>\$ 7,750</u>	<u>\$ 14,443</u>	<u>\$ (6,693)</u>
Operating services			
Advertising	125	440	(315)
Dues and subscriptions	400	451	(51)
Office	9,000	7,189	1,811
Postage	5,000	5,213	(213)
Programming	5,500	6,780	(1,280)
Rent	4,500	2,250	2,250
Seminars and conferences	2,500	1,005	1,495
Supplies	-	953	(953)
Telephone	3,200	3,260	(60)
Travel	850	1,393	(543)
Insurance - Other	3,000	1,931	1,069
Capital Outlay	15,000	13,648	1,353
Total operating services	<u>\$ 49,075</u>	<u>\$ 44,513</u>	<u>\$ 4,562</u>
TOTAL EXPENDITURES	<u>\$ 163,759</u>	<u>\$ 165,868</u>	<u>\$ (2,109)</u>

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

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budget Original & Final	Actual	Variance Favorable (Unfavorable)
EXCESS (Deficiency) OF REVENUES			
Over(Under) Expenditures	<u>-</u>	<u>3,667</u>	<u>3,667</u>
FUND BALANCES - June 30, 2013	<u>8,567</u>	<u>8,567</u>	<u>-</u>
FUND BALANCES - June 30, 2014	<u><u>\$ 8,567</u></u>	<u><u>\$ 12,234</u></u>	<u><u>\$ 3,667</u></u>

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

**SUPPLEMENTARY
INFORMATION**

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	Agency Fund
ADDITIONS	
Sales tax receipts	\$ 9,506,037
Interest	3,246
Other income	<u>168</u>
TOTAL ADDITIONS	<u>9,509,451</u>
DEDUCTIONS	
Jackson Parish Sales Tax Collection Agency	166,376
Jackson Parish Police Jury	1,985,181
Jackson Parish School Board	5,136,717
Town of Jonesboro	1,637,785
Village of Hodge	452,518
Village of North Hodge	7,615
Village of East Hodge	2,829
Town of Chatham	49,273
Town of Eros	13,816
Refunds	10,766
Other Settlements	<u>43,374</u>
TOTAL DEDUCTIONS	<u>9,506,249</u>
CHANGE IN LIABILITIES	<u>3,202</u>
LIABILITIES - June 30, 2013	<u>2,063,427</u>
LIABILITIES - June 30, 2014	<u><u>\$ 2,066,629</u></u>

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

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
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INDEPENDENT AUDITOR'S 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
Jackson Parish Sales Tax Collection Agency
P. O. Box 666
Jonesboro, LA 71251

We have audited, in accordance with the 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund and fiduciary fund as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Jackson Parish Sales Tax Collection Agency's (Agency) basic financial statements and have issued our report thereon dated October 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

October 24, 2014

Natchitoches, Louisiana

Jackson Parish Sales Tax Collection Agency
Jackson Parish, Louisiana

Schedule of Audit Results
For the Year Ended June 30, 2014

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Jackson Parish Sales Tax Collection Agency as of and for the year ended June 30, 2014.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings.

III. PRIOR YEAR AUDIT FINDINGS

Internal Control-

13-01 Segregation of Duties

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Current Status - This condition was cleared at June 30, 2014.