

Sabine Parish Sales and Use Tax Commission
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018



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Eugene W. Fremaux II

Certified Public Accountant

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Sabine Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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. 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 of the Sabine Parish Sales and Use Tax Commission as of December 31, 2018, 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.



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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 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 Sabine Parish Sales and Use Tax Commission's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2019 on our consideration of Sabine Parish Sales and Use Tax Commission's internal control over financial reporting and our tests on its compliance with certain provision of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



EUGENE W. FREMAUX II, CPA
June 28, 2019

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

This section of the Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission's tax collections in 2018 increased by \$2,886,653 to \$21,577,176, from collections in 2017.

Total current assets increased by \$181,526 to \$742,857 during 2018.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include all of the funds of the Commission. All of the funds of the Commission can be grouped into one category, fiduciary funds, which are used to account for resources, held for the benefit of outside parties, such as other governments. The Commission used its fund to account for sales and occupancy taxes, which it collects for Sabine Parish governments.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

CONDENSED STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

	2018	2017
Total current assets	<u>\$ 742,857</u>	<u>\$ 561,331</u>
Accounts payable	9,168	13,469
Taxes due others	191,538	189,499
Due taxing agencies	<u>542,151</u>	<u>358,363</u>
Total liabilities	<u>\$ 742,857</u>	<u>\$ 561,331</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION
AND ANALYSIS
DECEMBER 31, 2018

Changes in Due to Taxing Bodies

	2018	2017
Taxes Collected	<u>\$ 21,577,176</u>	<u>\$ 18,690,523</u>
Distributions:		
School Board	\$ 10,042,594	\$ 8,493,197
Police Jury	4,018,752	3,397,172
Town of Many	1,309,939	1,282,903
Town of Zwolle	741,260	653,105
Village of Converse	56,670	47,675
Village of Florien	202,257	211,680
Village of Pleasant Hill	67,663	49,054
Sabine Parish Law District	3,013,689	2,547,879
Sabine Parish Tourist Commission	171,544	169,733
District Attorney	518,296	438,422
Sabine Council on Aging	992,571	838,473
Commission operating expenses	<u>258,153</u>	<u>415,915</u>
Total Distributions and Expenses	<u>21,393,388</u>	<u>18,545,208</u>
Increase (decrease) in due to taxing bodies	<u>\$ 183,788</u>	<u>\$ 145,315</u>

The decrease in operating expenses in 2018 relates primarily to decreased personnel costs and outside auditing fees. The increase in taxes collected is due primarily to increased oil and gas drilling activity in the parish in 2018.

ECONOMIC FACTORS

The Commission has no current knowledge of any economic conditions that could have significant adverse affects on sales tax collections or operating expenses during 2018.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Georgia Jett, Chairman, 670 San Antonio Avenue, Many, LA 71449.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2018

ASSETS

Cash	\$ 550,118
Cash-restricted	192,051
Prepaid expenses	<u>688</u>
Total assets	<u><u>\$ 742,857</u></u>

LIABILITIES

Accounts payable	\$ 9,168
Taxes due others	191,538
Due taxing agencies	<u>542,151</u>
Total liabilities	<u><u>\$ 742,857</u></u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(1) Introduction

The Sabine Parish Sales and Use Tax Commission (Commission), Many, Louisiana, was created on June 30, 1992 by the political subdivisions within Sabine Parish for the joint collection, enforcement, and administration of the sales and use taxes levied by these subdivisions. The Commission is managed by a Board of Commissioners composed of: two members appointed by the Sabine Parish Police Jury, two members appointed by the Sabine Parish School Board, one member appointed by the Town of Many, one member appointed by the Town of Zwolle, one member appointed by the Village of Florien, one member appointed by the Village of Pleasant Hill, and one member selected jointly by the police jury and the school board in accordance with Louisiana Revised Statute 47:337.14C(1).

The costs of establishing and operating the Commission are shared jointly by the taxing bodies on a pro-rata basis based on the ratio that the taxes collected for each taxing authority bears to the total taxes collected.

(2) Summary of significant accounting policies

Reporting entity

For financial reporting purposes, the Commission includes all funds that are within the oversight responsibility of the Commission.

Basis of presentation

Fiduciary Fund Type

Fiduciary Fund - This fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities.

Basis of accounting

The accounting and reporting policies of the Commission conform with accounting principles generally accepted in the United States of America (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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements constitutes GAAP for governmental entities. The accounting and reporting policies of the Commission conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Governmental Audit Guide.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 may differ from those estimates.

(2) Litigation and claims

The Commission is involved in litigation at December 31, 2018, involving taxpayer collection efforts, taxpayer refund requests that have been denied, and protested tax payments. At December 31, 2018 there were suits pending involving taxes paid under protest, amounting to \$103,552, which funds have been placed in an escrow account, and an offsetting liability recorded in taxes due others. In addition, the Commission has received refund requests, where lawsuits have been filed or litigation is expected, for taxes remitted without being paid under protest, and distributed to the respective taxing authorities, totaling \$1,364,724. These refund requests have been denied and are presently in dispute.

(3) Compensated absences

All employees earn 5 - 20 days of annual vacation leave per year depending on length of service with the Commission. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. No more than 10 days can be carried forward to the next year. Annual leave is paid upon termination of employment.

(4) Personnel costs

Prior to September 2018 the Commission's employees were paid by the Sabine Parish Police Jury (Jury) and the Jury is reimbursed by the Commission for the related payroll costs, including fringe benefits. In September 2018 the Commission began handling the employee payroll and joined the Louisiana Municipal Employees Retirement System of Louisiana, Plan A. The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System. The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan.

Retirement Benefits

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Contributions

Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A and are deducted from the member's salary and remitted by the participating municipality. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2019, the employer contribution rate was 26% of member's earnings for Plan A.

Additional information about the System can be obtained at www.mersla.com.

(5) Compensation of commissioners

The commissioners' compensation or per diem during the year ended December 31, 2018 as follows:

Bobby Williams	\$ 350
Glenn Arnold	300
Georgia Jett	2,700
Kenneth Ebarb	300
Gloria Ruffin	250
Donald Remedies	300
G. J. Martinez	350
Daron Chandler	350
Gay Corley	1,550

(6) Risk Management

The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts

(7) Changes in Agency Fund Deposits due Others

A summary of changes in agency fund deposits due others for 2018 follows:

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Balance, beginning of year						<u>\$ 358,363</u>
	Sales		Collection		Audit	
	Tax Rate	Collections	Fees	Fees	Distributions	
School Board	2.000%	\$ 10,252,612	\$ 204,952	\$ 5,066	\$ 10,042,594	
Police Jury	1.000%	4,102,795	82,017	2,026	4,018,752	
Town of Many	1.000%	1,337,825	26,734	1,152	1,309,939	
Town of Zwolle	2.000%	756,387	15,127	-	741,260	
Village of Converse	1.000%	57,825	1,155	-	56,670	
Village of Florian	1.000%	206,471	4,127	87	202,257	
Village of Pleasant Hill	1.000%	69,043	1,380	-	67,663	
Sabine Parish Law District	0.750%	3,076,713	61,504	1,520	3,013,689	
Sabine Parish Tourist Commission	3.000%	175,046	3,502	-	171,544	
District Attorney	0.125%	529,125	10,576	253	518,296	
Sabine Council on Aging	0.250%	1,013,334	20,256	507	992,571	
		<u>\$ 21,577,176</u>	<u>\$ 431,330</u>	<u>\$ 10,611</u>	<u>\$ 21,135,235</u>	441,941
Commission operating expenses						<u>(258,153)</u>
Balance, end of year						<u>\$ 542,151</u>

(8) Cash

Louisiana Revised Statutes authorize the Commission to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Cash amounting to \$742,069 at December 31, 2018 consists of both non-interest and interest bearing bank accounts with area financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides \$500,000 of insurance, and the remainder \$242,069 is covered by pledged securities. Banks are required by R.S. 49:321 to pledge securities for deposits in excess of FDIC coverage. There was \$1,200,000 of pledged securities available to cover the deposit amount in excess of the FDIC insurance amount at December 31, 2018. Louisiana revised statutes requires the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Commission that the pledging bank has failed to pay deposited funds upon demand. At December 31, 2018, the Commission was not exposed to custodial credit risk.

Cash at year end in the amount of \$192,051 is restricted for taxes paid under protest and certain amounts awaiting review and processing.

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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*

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

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, the financial statements of the governmental activities of Sabine Parish Sales and Use Tax Commission Sabine Parish Sales and Use Tax Commission, Many, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 entity'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 Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of



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my 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Eugene W. Fremaux II". The signature is written in a cursive style with some flourishes.

EUGENE W. FREMAUX II, CPA
June 28, 2019

SABINE PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF FINDINGS
DECEMBER 31, 2018

Current year

None

Prior year

2017-01 Bank Reconciliation Procedures

Criteria: The Commission's bank accounts should be reconciled and reviewed on a monthly basis.

Condition: A review of the 2017 bank account reconciliations disclosed no reconciliations in 2017 for the protest bank account. Because of not reconciling the protest bank account, there were three deposits, amounting to \$2,004, that were not recorded in the general ledger.

Cause: The bank reconciliations were not prepared by the Deputy Administrator.

Recommendation: Bank reconciliations should be prepared, and properly reviewed, for all bank accounts monthly.

Status: Resolved.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD
YEAR ENDED DECEMBER 31, 2018

Agency Head: Georgia Jett

<u>Purpose</u>	<u>Amount</u>
Per diem	\$2,700

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

We have performed the procedures enumerated below, which were agreed to by Sabine Parish and Use Tax Commission (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Entity does not have formal written policies and procedures for Receipts.

Management's Response: The Commission will develop written policies and procedures with respect to Receipts.

Board (or Finance Committee)

2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: Not applicable

Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

Collections

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that

the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: The Entity does not have written documentation supporting the policy or procedure stating that the employee responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. The Commission does not accept cash, only checks, money orders, and online payments to their bank account. The Entity does not have written documentation and procedures for reconciling cash collections to the general ledger; however, the person responsible for cash collections may also be responsible for reconciling to the general ledger.

Management's Response: Due to the limited staff size, the Entity's policy and procedures for collections does not preclude employees who collect cash from depositing, recording, and reconciling bank accounts. However, the Commission's procedures do include review functions by another employee, the Administrator, and the Chairman and Board to help mitigate the lack of segregation that would be ideal if the Commission had larger staff.

6. **Procedure:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions.

7. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions noted.

9. **Procedure:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The Commission does not use a requisition or purchase order system. All transactions tested were paid from an invoice approved by the Administrator.

The Commission does not have formal written policies and procedures regarding who is responsible for adding vendors to the purchasing/disbursement system.

- 10. **Procedure:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions noted

- 12. **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions noted

Travel and Expense Reimbursement

14. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Not applicable.

Contracts

15. **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Not applicable.

Payroll and Personnel

16. **Procedure:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions noted.

17. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions noted.

18. **Procedure:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: No exceptions noted.

19. **Procedure:** Obtain management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions noted.

Ethics

20. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above: obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Results: Not applicable.

Debt Service

21. **Procedure:** Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: Not applicable.

22. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: Not applicable.

Other

23. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the Commission attorney of the parish in which the entity is domiciled.

Results: No exceptions noted.

24. **Procedure:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a long horizontal stroke extending to the right.

Eugene W. Fremaux II, CPA
June 27, 2019