
**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2017**



Postlethwaite & Netterville

A Professional Accounting Corporation

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Red River Parish Sales & Use Tax Commission
Coushatta, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the fiduciary fund of the Red River Parish Sales & Use Tax Commission (Commission), Coushatta, Louisiana, as of and for the year ended June 30, 2017, 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the fiduciary fund of the Commission, as of June 30, 2017, 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 and the budgetary comparison information on pages 4 to 7 and 22, respectively 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to the Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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, based on our audit and the procedures described above, the Schedule of Compensation, Benefits and Other Payments to the Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2018, on our consideration of the Commission'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 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana

January 22, 2018

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Management's Discussion and Analysis of the Red River Parish Sales & Use Tax Commission's (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Commission's financial statements, which begin on page 8.

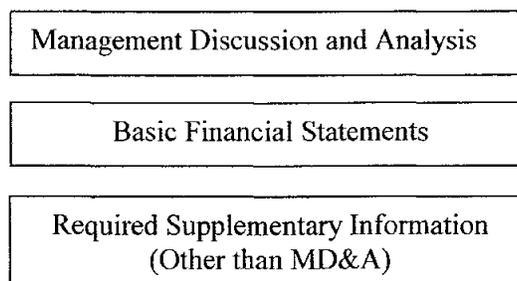
FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Government-wide statements provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These Government-wide statements tell how services were financed in the short-term as well as what remains for future spending. The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances places an emphasis on current financial resources. There is only one governmental fund and that is the General Fund.

- In the Government-wide statements the net position decreased \$2,977.
- The General fund reported an excess of revenues over expenditures of \$2,105, increasing fund balance to \$113,778.
- Total revenues in the general fund decreased approximately \$130 while total expenditures in the general fund increased approximately \$1,250.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Commission as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments:



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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the Commission's net position and changes in them. One can think of the Commission's net position, the difference between assets and liabilities, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position is an indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 10. The Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's activities as well as what remains for future spending.

The Fiduciary Fund financial statements are presented on page 14. Fiduciary funds report assets held for others and a corresponding liability due to those parties. The taxes collected by the Commission flow through this fund.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of Year End

	2017	2016
Cash and Receivables	\$ 115,779	\$ 113,480
Capital assets, net	2,286	3,008
Total Assets	\$ 118,065	\$ 116,488
Other liabilities	\$ 2,001	\$ 1,807
Compensated absences payable	45,372	41,012
Total Liabilities	47,373	42,819
Net position		
Unrestricted	70,692	73,669
Total Net Position	70,692	73,669
Total Liabilities and Net Position	\$ 118,065	\$ 116,488

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Net position of the Commission decreased by \$2,977 or 4.04% from the previous fiscal year. (See table below)

Statement of Activities
For the Year Ended

	2017	2016
Program revenues		
Charges for services	\$ 89,576	\$ 86,080
Other revenues	505	4,131
Total revenue	90,081	90,211
Expenses	(93,058)	(89,065)
Change in net position	\$ (2,977)	\$ 1,146

Revenues and expenses generally remain consistent from year to year. The program revenues consist of charges to the taxing authorities to cover the administrative costs for compensation and benefits for the sole employee and other operating costs. These charges are budgeted and approved by the Commission and fluctuate very little. However, in the current year, program revenues increased by approximately \$3,500 and expenses increased by approximately \$4,000. These increases are primarily the result of increases to the compensation and benefits cost for the sole employee.

Long-Term Debt

The Commission's only long-term liability consists of its compensated absence payable. The Commission had \$45,372 in compensated absences payable at year end compared to \$41,012 at the previous year end, an increase of \$4,360 or 10.63%. The policy of the Commission is to allow employees to carry over to the next year any unused compensated absences. The increase is the result of the sole employee accruing unused compensated absences in accordance with the Commission's policy. The outstanding compensated absences are shown in the table below.

Outstanding Compensated Absences at Year End

	2017	2016
Compensated absences payable	\$ 45,372	\$ 41,012
Totals	\$ 45,372	\$ 41,012

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The Commission's budget was amended during the year to better reflect the results of operations. Both revenues and expenses were adjusted to reflect anticipated increases in compensation and benefits costs.

Actual revenues and expenditures reflected minor differences from the final amended budget.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- 1) Intergovernmental revenues (based on personnel and operating expenses)
- 2) Interest income
- 3) Miscellaneous income

The Commission does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE RED RIVER PARISH SALES & USE TAX COMMISSION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Red River Parish Sales & Use Tax Commission, Attention: Elaine Moore, Administrator, at Post Office Box 570, Coushatta, Louisiana 71019.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 113,070
Receivables	2,709
Capital Assets net of depreciation	<u>2,286</u>
Total Assets	<u>118,065</u>

LIABILITIES

Accounts payable and accruals	2,001
Long-Term Liabilities:	
Compensated absences payable	<u>45,372</u>
Total Liabilities	<u>47,373</u>

NET POSITION

Unrestricted	<u>70,692</u>
Total net position	<u>\$ 70,692</u>

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Charges for Services	Net Expense and Changes in Net Position
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 93,058	\$ 89,576	\$ (3,482)
Total governmental activities	\$ 93,058	\$ 89,576	(3,482)
General Revenues:			
Interest income			505
Total general revenues			505
Change in net position			(2,977)
Net position, beginning of year			73,669
Net position, end of year			\$ 70,692

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 113,070
Accounts receivable	<u>2,709</u>
Total Assets	<u><u>\$ 115,779</u></u>

LIABILITIES

Accounts payable and accruals	<u>\$ 2,001</u>
Total Liabilities	<u>2,001</u>

FUND BALANCES

Unassigned	<u>113,778</u>
Total Fund Balances	<u>113,778</u>
Total Liabilities and Fund Balances	<u><u>\$ 115,779</u></u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - Governmental Fund	\$	113,778
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated dereciation, used in governmental activities are not financial resources and therefore not reported in the fund assets.		
Cost of capital assets at June 30, 2017	\$	9,159
Less: Accumulated Depreciation as of June 30, 2017		<u>(6,873)</u> 2,286
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the fund liabilities		<u>(45,372)</u>
Total net position - Governmental Activities	\$	<u>70,692</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES

Charges for service	\$ 89,576
Interest income	505
Total revenues	<u>90,081</u>

EXPENDITURES

General Government:	
Employee salary and benefits	65,353
Travel	368
Operating services	11,934
Supplies	1,321
Professional services	9,000
Total expenditures	<u>87,976</u>

EXCESS OF REVENUES
OVER EXPENDITURES

2,105

Fund balance - beginning of year	<u>111,673</u>
Fund balance - end of year	<u>\$ 113,778</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balance - governmental fund	\$ 2,105
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year	(722)
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund.	<u>(4,360)</u>
Change in Net Position - Governmental Activities	<u>\$ (2,977)</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 3,271,542
Taxes receivable	<u>1,051,325</u>
Total assets	<u><u>\$ 4,322,867</u></u>

LIABILITIES

Taxes paid under protest	\$ 3,217,147
Due to other governments	<u>1,105,720</u>
Total liabilities	<u><u>\$ 4,322,867</u></u>

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided In Article VII, Section 3 of the Louisiana Constitution of 1974, the Red River Parish Sales and Use Tax Commission (Commission) serves as the collector of sales and use taxes for the parish. The Commission is comprised of five members, one selected from the Red River Parish School Board, Red River Parish Police Jury, Red River Parish Sheriff's Office, the Town of Coushatta, and the Village of Hall Summit, in accordance with a joint agreement of the agencies. The commissioners serve for indefinite terms and without benefit of compensation.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements:

The statement of net position and the statement of activities display information about the primary government (the Commission). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through service charges to the taxing districts receiving tax distributions and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees for the collection of taxes. Revenues that are not associated as program revenues, including interest revenue presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the Commission's general fund. Separate statements for each fund category are presented. The emphasis of fund financial statements is on the major fund, which is, the General Fund.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange may include grants and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Exchange transactions in which the Commission gives or receives value in exchange for services rendered consist of the charges for collection services which are recognized when the services are provided and the revenue is earned.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental fund to be available if the revenues are collected within sixty days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund.

Fiduciary Fund Financial Statements:

The Agency Fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities. Agency funds are accounted for on the full accrual basis of accounting. Collections of sales taxes are recognized when received and expenditures are recognized when the related fund liability is incurred, regardless of when the related cash flow takes place.

Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Commission prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Commission amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2017, all receivables are deemed collectible.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Commission is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

Compensated Absences

Commission employees earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by the employee is unlimited. Upon termination, the employee is compensated for all of their unused annual and sick leave at the employee's hourly rate of pay at the time of termination.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

1. Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally contractually required to be maintained intact.
2. Restricted – represents balances where constraints have been established by parties outside the Commission or imposed by law through constitutional provisions or enabling legislation.
3. Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission's highest level of decision-making authority.
4. Assigned – represents balances that are constrained by the Commission's intent to be used for specific purposes, but are not restricted nor committed.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity of Fund Financial Statements (continued)

5. Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Commission reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for the purposes for which committed, assigned, and unassigned amounts are available, the Commission reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$3,384,612 at June 30, 2017. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2017, the Commission's bank balance of these deposits totaled \$3,384,612 and was fully collateralized or FDIC insured and therefore not exposed to custodial credit risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, includes service charges due totaling \$2,709.

4. CAPITAL ASSETS

A summary of the Commission's capital assets at June 30, 2017 follows:

	Balance				Balance
	July 1, 2016	Additions	Retirements		June 30, 2017
Capital Assets					
Furniture, fixtures and equipment	\$ 9,159	\$ -	\$ -		\$ 9,159
Less accumulated depreciation	(6,151)	(722)	-		(6,873)
Total Capital Assets, net	<u>\$ 3,008</u>	<u>\$ (722)</u>	<u>\$ -</u>		<u>\$ 2,286</u>

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

5. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2017, includes vendor and payroll liabilities of \$260 and \$1,741, respectively.

6. COMPENSATED ABSENCES

At June 30, 2017, the employee of the Commission had accumulated \$45,372 in annual leave benefits. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2017.

Compensated absences payable, beginning of year	\$ 41,012
Additions	6,850
Deletions	<u>(2,490)</u>
Compensated absences payable, end of year	<u>\$ 45,372</u>

7. CONCENTRATION OF REVENUES

The Commission received fee revenues for collecting sales and use taxes from the Red River Parish School Board, the Red River Parish Police Jury, the Red River Parish Sheriff, the Town of Coushatta and the Village of Hall Summit during fiscal year 2017.

These agencies are all within the Parish of Red River. This revenue is substantially all of the Commission's revenue that is recognized in the General Fund.

8. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid upon receipt of a notice, the amount paid shall be segregated and held by the Commission for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending the outcome of the suit. If the taxpayer prevails, the Commission shall refund the amount due with interest from the date the funds were received by the Commission. There was \$3,217,147 in sales taxes paid under protest as of June 30, 2017. These amounts are held and reported in the Commission's agency fund.

9. LITIGATION AND CLAIMS

The Commission is involved in litigation as a defendant in numerous lawsuits and claims at June 30, 2017, totaling approximately \$11.8 million. This total is comprised of \$3.2 million of taxes paid in protest for which the balances have been escrowed, and \$8.6 million of unprotested claims for which the taxpayers are seeking a refund and these amounts are not escrowed. Any non-escrowed claim for which the Commission is ordered to pay will be paid out of future collections or collectible from the respective taxing districts.

Subsequent to June 30, 2017, taxes paid in protest totaling \$1,398,546 were settled resulting in amounts owed to the respective tax payers totaling \$1,092,880 and amounts available for distribution to taxing districts totaling \$305,666. These settlements have no impact on the financial statements as the protested taxes were included in an escrow account and available for settlement.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

9. LITIGATION AND CLAIMS (Continued)

Subsequent to June 30, 2017, claims for refunds of taxes totaling \$1,476,632 that were not escrowed, were settled resulting in amounts owed to the respective taxpayers totaling \$394,620. The remainder of the claims settled totaling \$1,082,012 was relieved and the Commission will not be required to refund that amount. Since these claims were not originally paid under protest and escrowed, the refund settlement amount of \$394,620 will have to be paid by other means. The Commission expects to pay this settlement out of future tax collections thus reducing future distributions to the taxing authorities.

In the opinion of the Commission's management and legal counsel, it is difficult to predict the outcome of the remaining unsettled claims. As such, no liability has been recorded for the unsettled claims.

10. CHANGE IN CASH AVAILABLE FOR SETTLEMENT – FIDUCIARY FUND

	<u>Current Collections</u>	<u>Protested Taxes</u>	<u>Total</u>
Cash available for settlement at July 1, 2016	\$ 54,395	\$ 3,210,729	\$ 3,265,124
COLLECTIONS			
Sales and use taxes	9,003,527	-	9,003,527
Interest	<u>519</u>	<u>6,418</u>	<u>6,937</u>
Total Collections	9,004,046	6,418	9,010,464
DISTRIBUTIONS AND COLLECTION COSTS			
Red River Parish School Board (2%)	3,688,006	-	3,688,006
Red River Parish Police Jury (1.5%)	2,766,007	-	2,766,007
Red River Parish Sheriff's Office (1.0%)	1,844,005	-	1,844,005
Town of Coushatta (1.0%)	560,908	-	560,908
Village of Hall Summit (1.0%)	<u>13,207</u>	<u>-</u>	<u>13,207</u>
Total Distributions	8,872,133	-	8,872,133
Cost of collections	<u>131,913</u>	<u>-</u>	<u>131,913</u>
Cash available for settlement at June 30, 2017	<u>\$ 54,395</u>	<u>\$ 3,217,147</u>	<u>\$ 3,271,542</u>

The Commission distributes all sales and use taxes and interest collected each month to the respective entities less any taxes paid under protest which are put in escrow accounts (see note 8).

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

11. COLLECTIONS ON BEHALF OF THE TAXING AUTHORITIES

	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distribution</u>
Red River Parish School Board (2%)	\$ 3,745,074	\$ 57,068	\$ 3,688,006
Red River Parish Police Jury (1.5%)	2,808,808	42,801	2,766,007
Red River Parish Sheriff's office (1.0%)	1,872,539	28,534	1,844,005
Town of Coushatta (1.0%)	564,337	3,429	560,908
Village of Hall Summit (1.0%)	<u>13,288</u>	<u>81</u>	<u>13,207</u>
Totals	<u>\$ 9,004,046</u>	<u>\$ 131,913</u>	<u>\$ 8,872,133</u>

The Tax Commission distributes all sales and use taxes and interest collected each month to the respective entities less any funds paid under protest and interest, which are put in escrow accounts (see note 8).

REQUIRED SUPPLEMENTARY INFORMATION – PART II

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUND - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 86,226	\$ 89,632	\$ 89,576	\$ (56)
Interest income	525	500	505	5
Total Revenues	<u>86,751</u>	<u>90,132</u>	<u>90,081</u>	<u>(51)</u>
<u>EXPENDITURES</u>				
General Government:				
Employee salary and benefits	61,876	65,182	65,353	(171)
Travel	450	450	368	82
Operating services	12,146	12,330	11,934	396
Supplies	1,000	1,000	1,321	(321)
Professional services	9,500	9,500	9,000	500
Total Expenditures	<u>84,972</u>	<u>88,462</u>	<u>87,976</u>	<u>486</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>				
	<u>1,779</u>	<u>1,670</u>	<u>2,105</u>	<u>435</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>109,062</u>	<u>110,746</u>	<u>111,673</u>	<u>927</u>
End of year	<u>\$ 110,841</u>	<u>\$ 112,416</u>	<u>\$ 113,778</u>	<u>\$ 1,362</u>

OTHER SUPPLEMENTARY INFORMATION

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: Elaine Moore

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 51,408
Benefits - (Supplement and Insurance)	13,945
Car mileage	<u>368</u>
	<u>\$ 65,721</u>

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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INDEPENDENT AUDITORS' 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*

Red River Parish Sales & Use Tax Commission
Coushatta, 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, the major fund and the fiduciary fund of the Red River Parish Sales & Use Tax Commission (Commission), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 22, 2018.

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, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
January 22, 2018

RED RIVER PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Red River Parish Sales and Use Tax Commission (the Commission) as of and for the year June 30, 2017.
2. No material weaknesses were reported relating to the audit of the financial statements. No significant deficiencies in internal control are reported.
3. An instance of noncompliance material to the financial statements of the Commission was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Late Filing of Audited Financial Statements

Criteria: LA R.S. 24:513 requires the Red River Sales and Use Tax Commission to submit audited financial statements to the Louisiana Legislative Auditor's Office no later than 6 months after its fiscal year-end.

Condition: The Commission did not submit its audited annual financial statements to the Louisiana Legislative Auditor by December 31, 2017.

Effect: The Commission is in violation of LA R.S. 24:513.

Cause: The audit was not completed by December 31, 2017 due to additional reporting requirements.

Recommendation: We recommend that the Commission plan for and initiate reporting requirements by the reporting deadline.

Management's Response and Corrective Plan:

The audit will be submitted timely.

RED RIVER PARISH SALES AND USE TAX COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2017

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

RED RIVER PARISH SALES & USE TAX COMMISSION

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2017



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Red River Parish Sales & Use Tax Commission and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Red River Parish Sales & Use Tax Commission (Commission) 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 July 1, 2016 through June 30, 2017. The Commission'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 in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
January 22, 2018

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The Commission does not have a written policy for budgeting.

- 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.

The Commission does not have a written policy for purchasing.

- c) ***Disbursements***, including processing, reviewing, and approving

The Commission does not have a written policy for disbursements.

- d) ***Receipts***, including receiving, recording, and preparing deposits

The Commission does not have a written policy for receipts.

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Commission does not have a written policy for payroll/personnel. It should be noted that the Commission has one employee.

- 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.

The Commission does not have a written policy for contracting. It should be noted that the Commission has very few vendor relationships other than professional services for accounting and auditing, and legal.

- 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.

Not applicable.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Commission does not have a written policy for travel and expense reimbursements. It should be noted that the Commission has one employee and travel and expense reimbursements are minimal.

- 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.

The Commission does not have a written policy for Budgeting.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Commission meets quarterly. The Commission is comprised of five members, one selected from the Red River Parish School Board, Red River Parish Police Jury, Red River Parish Sheriff's Office, the Town of Coushatta, and the Village of Hall Summit, in accordance with a joint agreement of the agencies. Frequently, designees attend the meeting in the absence of one of the members. For the fourth quarter meeting held in July 2017, there were more designees than members in attendance.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Budget to actual comparisons were not included in monthly board meetings.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

No exceptions noted.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

From the listing provided, we selected three (3) accounts and obtained the bank reconciliations for each of the twelve (12) months ending June 30, 2017, resulting in thirty-six (36) bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Not applicable.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No exceptions noted.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

From the listing provided, we selected two (2) locations and performed the procedures noted below.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The employee responsible for collecting cash is bonded. The employee responsible for collecting cash also makes the deposits, records the transactions, and reconciles the bank accounts.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is no formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the collection location.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using the collection data, we determined the highest collection week during the year ending June 30, 2017 for each respective collection location and performed the procedures noted below.

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, etc.) by a person who is not responsible for collections.

There is no written policy.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

No exceptions noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

We randomly selected twenty-five (25) disbursements and performed the procedures below.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Commission does not utilize purchase orders or requisitions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The Commission does not utilize purchase orders or requisitions.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

The Commission does not utilize purchase orders or requisitions. All payments for purchases were supported by an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Administrator has signatory authority and initiates and records purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

No exceptions noted.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 3 cards selected (i.e. each of the 3 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

There is no written policy for travel and expenses.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

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- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The Commission does not have a written policy for contracting. It should be noted that the Commission has very few vendor relationships, but the vendor relationships that they do have pertain to professional services, such as sales tax auditing and collections, legal, computer maintenance and insurance. Of the five contract "vendors" selected, one had a written contract executed in 1993 that supported the service arrangement and the amount paid. There were no formal/written contracts supporting the other four service arrangements and the amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

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- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The Commission did not solicit quotes as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contract amendments were noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

All disbursements selected were supported by invoices, and one of the invoices was compared to the contract terms without exception, but for the other four disbursements selected, there were no written contracts to compare the contract terms to.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

No exceptions noted..

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

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23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

Daily attendance and leave was not documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Daily attendance and leave was not documented.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

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Ethics (excluding nonprofits)

26. Using the selected employee from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violations reported. No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

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Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

The Red River Parish Sales & Use Tax Commission (Commission) has provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

The Commission plans to develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2018.

Board (or Finance Committee, if applicable)

The Commission will begin the process of including budget to actual comparisons in all Board meetings, beginning with meeting for the quarter ended March 31, 2018.

Collections

The Commission has one (1) employee. Additionally, one of the members of the Commission reviews and reconciles daily sales tax collections reports to the deposits on a sample basis. The Commission will continue to utilize these mitigating controls. In addition, the Commission will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2018.

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

Dual signatures are required on checks. The Administrator as well as two (2) members of the Commission have signatory authority. The Commission will continue to utilize the mitigating controls described.

Travel and Expense Reimbursement

The Commission will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2018.

Contracts

The Commission will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2018. In addition, the Commission will continue to follow all provisions of the Louisiana Bid Law and emphasis best practices.

Payroll and Personnel

The Commission will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by June 30, 2018.

RED RIVER PARISH SALES AND USE TAX COMMISSION

REPORT TO MANAGEMENT

In relation to a financial statement audit

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

January 22, 2018

Red River Parish Sales & Use Tax Commission
Coushatta, Louisiana

In planning and performing our audit of the financial statements of the Red River Parish Sales & Use Tax Commission (Commission) as of and for the year ended June 30, 2017, we considered the Commission's internal controls and compliance with laws and regulations having a material effect on financial reporting and other matters in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance. Accordingly, we express no opinion and provide no assurance on the internal control structure or on compliance.

However, during our audit, we became aware of internal control matters that represent opportunities for strengthening internal controls over financial reporting or operational improvements. The following paragraphs summarize our comments and suggestions regarding the matter identified. This letter does not affect our report dated January 22, 2018 on the financial statements of the Commission.

CURRENT YEAR

MLC 2017-001 Segregation of Duties and Reconciliations (With Cause)

Criteria: Internal controls should be designed to prevent or detect and correct errors and unauthorized transactions. Internal controls should be established over tax collections to ensure that all tax payments are deposited timely, in agreement with the tax returns filed by the taxpayer and recorded properly in the general ledger. Internal controls should also be established to help ensure that all disbursements are authorized, within the governmental purpose of the Commission and budgetary appropriations. These control objectives are often accomplished by segregating the incompatible duties of authorizing the transaction, accounting and reconciliation duties and having access to the assets. Segregations of incompatible duties also reduces the potential for fraud or misappropriations.

Condition: The Administrator, the sole employee of the Commission, receives and enters sales and use tax return information into the collections system. She also makes the deposits or authorizes on-line batch deposits. She also records the activity in the general ledger and is responsible for reconciling the deposits and general ledger activity to the collections system. A single employee makes it difficult to segregate incompatible duties completely. To mitigate this, the Commission has implemented procedures involving members of the Board and other outside parties. Disbursements require dual signatures including the Administrator and one of the Board members with signatory authority. Further, a member of the Board periodically reviews and reconciles daily sales tax collections from the collections system to deposit records and bank activity. In addition, financial data including monthly tax collections, disbursements as well as significant other disbursements are reviewed in the quarterly board meetings.

Recommendation: We recommend that the Commission continue to perform the mitigating procedures and periodically assess the adequacy and effectiveness of those mitigating procedures.

Management's

Response: Management began the process several years ago to mitigate the lack of segregation of incompatible duties. Management will continue to perform the established procedures as well as periodically assess the adequacy and effectiveness of those mitigating procedures.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. Finally, we would also like to thank the Commission's Administrator for her cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Commission, management of the Commission and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville