

**DeSoto Parish Sales & Use Tax Commission
Mansfield, Louisiana**

**Annual Financial Report
For the Year Ended June 30, 2019**

**DeSoto Parish Sales & Use Tax Commission
Mansfield, Louisiana**

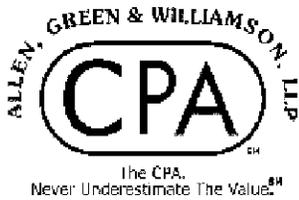
**Annual Financial Report
For the Year Ended June 30, 2019**

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DeSoto Parish Sales & Use Tax Commission

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Independent Auditor's Report

Board Members
DeSoto Parish Sales and Use Tax Commission
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2019, 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, each major fund, and the aggregate remaining fund information of the DeSoto Parish Sales and Use Tax Commission, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund 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, Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the table of contents, 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.

Supplementary and Other 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 accompanying supplementary information, as listed in the table of contents, and other information, as 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 accompanying supplementary information, as 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 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, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of the DeSoto Parish Sales and Use Tax 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 solely 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 effectiveness of Desoto Parish Sales and Use Tax Commission's 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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

Our discussion and analysis of the DeSoto Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2019.

In fiscal year 2019, the Commission adopted the following new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued by the Government Accounting Standards Board. This Statement is to improve the information that is disclosed in the School Board's notes to the financial statements related to debt, including direct borrowings and direct placements. Another objective of this Statement is to clarify which liabilities the School Board should include when disclosing information related to debt. In addition to defining debt for the purposes of disclosure in the notes, this Statement requires additional essential information related to debt to be disclosed.

The adoption of Statement No. 88 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

FINANCIAL HIGHLIGHTS Our government-wide financial statements provide these insights into the results of this year's operations:

The liabilities and deferred inflows of the DeSoto Parish Sales and Use Tax Commission exceeded its assets at the close of the most recent fiscal year by \$389,712 (net position). This is a decrease of \$23,769 from the \$365,943 reported at June 30, 2018. This decrease is mainly due to costs and interest related to our OPEB fund. In the close of the current fiscal year, the unrestricted net position of the Commission was a deficit of \$618,088.

The Commission's revenue received from charges for services for the year ended June 30, 2019 was \$618,051, this is a decrease of \$803 from the revenue received from charges for services of \$618,854 in 2018.

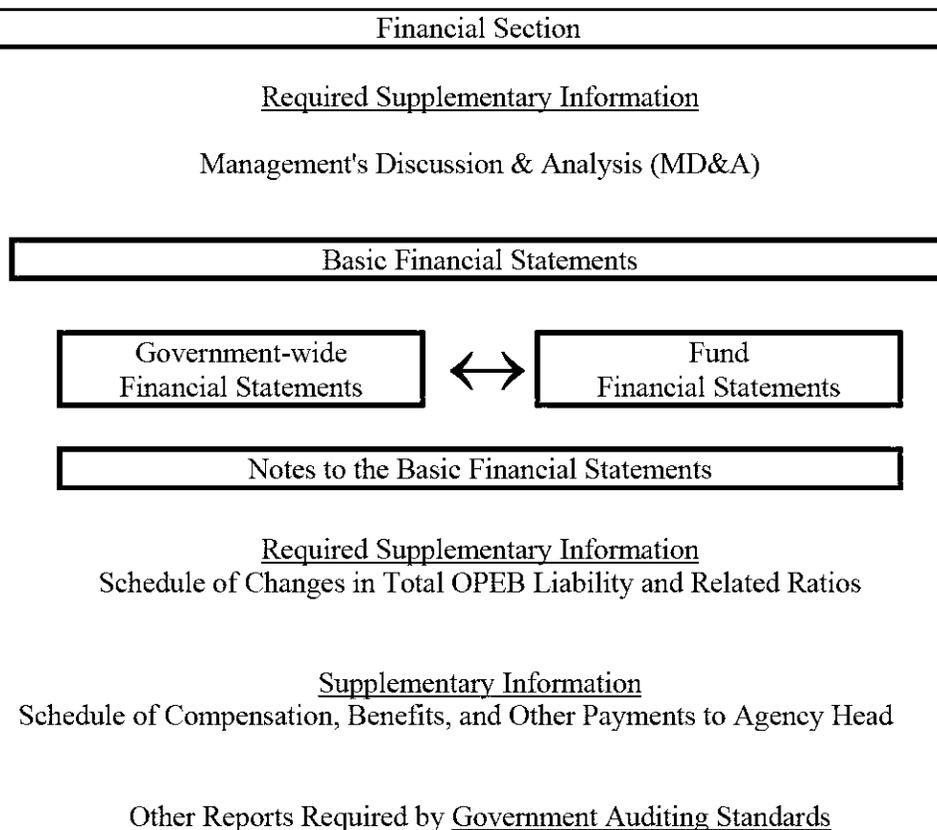
The Commission's total expenses for the year ended June 30, 2019 was \$641,820, this is a decrease of \$27,296 from the expenses of \$669,116 in 2018. This decrease of expenses was mainly due to entries made last year for the compensated absences of the Commission employees.

USING THIS ANNUAL REPORT

The DeSoto Parish Sales and Use Tax Commission's annual report consists of a series of financial statements that show information for the DeSoto Parish Sales and Use Tax Commission as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Commission's overall financial health. Fund financial statements also report the Commission's operations in more detail than the government-wide financial statements by providing information about the Commission's General Fund.

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Commission as a Whole

Our analysis of the DeSoto Parish Sales and Use Tax Commission as a whole begins with the government-wide financial statements. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Commission's financial statements, report information about the Commission as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities, and deferred outflow/inflows of resources 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.

These two statements report the Commission's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the DeSoto Parish Sales and Use Tax Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position as reported

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Commission's operating results. However, the Commission's goal is to increase sales tax collections and decrease operating expense.

In the Statement of Net Position and the Statement of Activities, the Commission's activities are shown as:

Governmental Activities - All of the Commission's basic services are reported here, including salaries and contract labor, employee benefits, professional fees, operations and maintenance, repairs and upkeep, and administrative expenses. Sales tax collection fee revenue finances these activities.

Reporting the Commission's Most Significant Funds

Fund Financial Statements

The DeSoto Parish Sales and Use Tax Commission reports all of its activity in one governmental fund which uses the following approach:

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They 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 operations and the 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 programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).

The DeSoto Parish Sales and Use Tax Commission reports a fiduciary fund. The Commission is the trustee, or fiduciary, for the sales and occupancy tax agency fund which is reported in the statement of fiduciary assets and liabilities. We exclude these activities from the Commission's other financial statements because the Commission cannot use these assets to finance its operations. The Commission is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

THE COMMISSION AS A WHOLE

Our analysis below focuses on the net Position (Table 1) and changes in net position (Table 2) of the Commission's governmental activities.

Table 1
Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
ASSETS			
Other assets	111,455	\$ 90,249	\$ 21,206
Capital assets (net of accumulated depreciation)	228,376	241,270	(12,894)
Total Assets	<u>339,831</u>	<u>331,519</u>	<u>8,312</u>
DEFERRED OUTFLOWS			
Deferred outflows for OPEB	12,928	-	12,928
LIABILITIES			
Long-term liabilities	725,456	662,601	62,855
Total Liabilities	<u>725,456</u>	<u>662,601</u>	<u>62,855</u>
DEFERRED INFLOWS			
Deferred inflows for OPEB	17,015	34,861	(17,846)
NET POSITION			
Net investment in capital assets	228,376	241,270	(12,894)
Unrestricted	<u>(618,088)</u>	<u>(607,213)</u>	<u>(10,875)</u>
Total Net Position	<u>\$ (389,712)</u>	<u>\$ (365,943)</u>	<u>\$ (23,769)</u>

Net position of the Commission's governmental activities for June 30, 2019 was a deficit of \$389,712. Unrestricted net position that is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was a deficit of \$618,088.

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

Table 2
Changes in Net Position
For the Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Program revenues:			
Fees, charges, and commissions for services	\$ 616,815	\$ 618,800	\$ (1,985)
General revenues - Interest earned	<u>1,236</u>	<u>54</u>	<u>1,182</u>
Total Revenues	<u>618,051</u>	<u>618,854</u>	<u>(803)</u>
Sales tax collections:			
Personnel services and related benefits	519,004	546,781	(27,777)
Operating services	91,802	90,439	1,363
Materials and supplies	6,332	9,508	(3,176)
Travel	11,370	9,056	2,314
Depreciation expense	<u>13,312</u>	<u>13,332</u>	<u>(20)</u>
Total Program Expenses	<u>641,820</u>	<u>669,116</u>	<u>(27,296)</u>
Change in Net Position	<u>(23,769)</u>	<u>(50,262)</u>	<u>26,493</u>
Net Position - Beginning of year	(365,943)	103,475	(469,418)
Prior period adjustment	<u>-</u>	<u>(419,156)</u>	<u>419,156</u>
Net Position - Beginning of year, restated	<u>(365,943)</u>	<u>(315,681)</u>	<u>(50,262)</u>
Net Position - End of year	<u><u>\$ (389,712)</u></u>	<u><u>\$ (365,943)</u></u>	<u><u>\$ (23,769)</u></u>

Governmental Activities

The cost of all governmental activities this year was \$641,820. This was a decrease of \$27,296.

THE DESOTO PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the DeSoto Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$111,455 which increased \$21,206 from prior year. Collection fees decreased \$1,985 due to a decrease in our total tax collections.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgeted revenues by \$56,204. This positive variance was due to an excess of revenues from previous years.

Budgeted expenditures exceeded actual expenditures by \$9,446. This positive variance was due to a decrease in our personnel and capital item expenses.

The final budgeted revenues decreased \$44,264 from the original budgeted revenues and final budgeted expenditures increased \$180 from the original budgeted expenditures. Budgeted revenues decreased because of the excess of revenues from previous years.

DeSoto Parish Sales & Use Tax Commission
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSET

At June 30, 2019, the Commission had \$228,376 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$12,894 or 5%, from last year.

Capital Assets at Year-end

	2019	2018	Variance
Building	389,607	\$389,607	\$ -
Equipment and furniture	112,816	112,997	(181)
Total	502,423	502,604	(181)
Less Accumulated Depreciation	274,047	261,334	12,713
Net Capital Assets	\$ 228,376	\$241,270	\$ (12,894)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our appointed officials and citizens consider many factors when setting the DeSoto Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 99% of our total revenues are from collection fees charged to collect the tax. We have budgeted no significant changes in revenue and expenditures for the year ending June 30, 2019.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Chris Robinette, Administrator, P. O. Box 927, Mansfield, LA 71052 or at (318) 872-3343.

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

DESOTO PARISH SALES & USE TAX COMMISSION

**STATEMENT OF NET POSITION
June 30, 2019**

	Statement A
	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 110,430
Prepaid items	1,025
Capital assets, net of accumulated depreciation	228,376
TOTAL ASSETS	339,831
DEFERRED OUTFLOWS	
Deferred outflows for OPEB	12,928
LIABILITIES	
Long-term liabilities:	
Due within one year	24,953
Due in more than one year	30,155
OPEB liability	670,348
TOTAL LIABILITIES	725,456
DEFERRED INFLOWS	
Deferred inflows for OPEB	17,015
NET POSITION	
Net investment in capital assets	228,376
Unrestricted	(618,088)
TOTAL NET POSITION	\$ (389,712)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Statement B

**GOVERNMENTAL
ACTIVITIES**

EXPENSES	
Sales Tax Collections:	
Personnel services and related benefits	\$ 519,004
Operating services	91,802
Materials and supplies	6,332
Travel expense	11,370
Depreciation	13,312
	641,820
TOTAL PROGRAM EXPENSES	641,820
PROGRAM REVENUES	
Charges for services	616,815
	616,815
NET PROGRAM EXPENSE	(25,005)
GENERAL REVENUES	
Interest earned	1,236
	1,236
TOTAL GENERAL REVENUES	1,236
INCREASE (DECREASE) IN NET POSITION	(23,769)
NET POSITION - BEGINNING	(365,943)
NET POSITION - ENDING	\$ (389,712)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FUND FINANCIAL STATEMENTS

DESOTO PARISH SALES & USE TAX COMMISSION

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2019

Statement C

ASSETS	
Cash	\$ 110,430
Prepaid items	1,025
	<hr/>
TOTAL ASSETS	111,455
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	-
	<hr/>
TOTAL LIABILITIES	-
	<hr/>
FUND BALANCES:	
Nonspendable	1,025
Committed	59,025
Unassigned	51,405
	<hr/>
TOTAL FUND BALANCES	111,455
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 111,455
	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019**

Statement D

Total fund balances - governmental funds	\$	111,455
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Commission as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$	502,423	
Accumulated depreciation		<u>(274,047)</u>	228,376

Deferred outflows/inflows related to OPEB are not due and payable in the current period and accordingly are not reported in the fund financial statements.

Deferred inflows	(17,015)
Deferred outflows	12,928

Long-term liabilities applicable to the Commission are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2019 are:

OPEB liability	(670,348)
Compensated absences payable	<u>(55,108)</u>

Net Position - Governmental Activities	\$	<u><u>(389,712)</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2019**

Statement E

REVENUES	
Local sources:	
Collection fees	\$ 616,815
Interest earned	1,236
	618,051
TOTAL REVENUES	618,051
 EXPENDITURES	
Current:	
Sales tax collections:	
Personal services and related benefits	486,923
Operating services	91,802
Materials and supplies	6,332
Travel expense	11,370
Capital outlay	418
	596,845
TOTAL EXPENDITURES	596,845
Net Change in Fund Balances	21,206
 FUND BALANCE - BEGINNING	 90,249
 FUND BALANCE - ENDING	 \$ 111,455

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2019**

Statement F

Total net change in fund balances - governmental funds	\$	21,206
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlay	\$	418	
Depreciation		<u>(13,312)</u>	(12,894)

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$27,104) exceeded the amounts used (\$24,953) by \$2,151.

(2,151)

The increase in OPEB expense is reported in the Statement of Activities and not reported as expenditures in governmental funds.

(29,930)

Change in net position of governmental activities	\$	<u><u>(23,769)</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

Statement G

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local sources:				
Collection fees	\$ 606,081	\$ 561,637	\$ 616,815	\$ 55,178
Interest earned	30	210	1,236	1,026
TOTAL REVENUES	<u>606,111</u>	<u>561,847</u>	<u>618,051</u>	<u>56,204</u>
EXPENDITURES				
Current:				
Sales tax collections:				
Personal services and related benefits	491,304	496,304	486,923	9,381
Operating services	94,277	91,887	91,802	85
Materials and supplies	9,030	6,100	6,332	(232)
Travel expense	9,500	10,000	11,370	(1,370)
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>418</u>	<u>1,582</u>
TOTAL EXPENDITURES	<u>606,111</u>	<u>606,291</u>	<u>596,845</u>	<u>9,446</u>
Net Change in Fund Balances	-	(44,444)	21,206	65,650
BUDGETARY FUND BALANCE - BEGINNING	<u>90,249</u>	<u>90,249</u>	<u>90,249</u>	<u>-</u>
BUDGETARY FUND BALANCE - ENDING	<u>\$ 90,249</u>	<u>\$ 45,805</u>	<u>\$ 111,455</u>	<u>\$ 65,650</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

FIDUCIARY FUND
Statement of Fiduciary Assets and Liabilities
June 30, 2019

Statement H

AGENCY
FUND

ASSETS		
Cash	\$	13,433
Sales tax receivable (net of allowance of \$0)		3,726,158
Occupancy tax receivable		13,562
Cash restricted for taxes paid under protest		696
		<hr/>
TOTAL ASSETS		3,753,849
		<hr/> <hr/>
LIABILITIES		
Deposits due others		3,753,153
Deposits due others - Taxes paid under protest from restricted assets		696
		<hr/>
TOTAL LIABILITIES	\$	3,753,849
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DeSoto Parish Sales & Use Tax Commission
Notes to the Financial Statements
June 30, 2019

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DeSoto Parish Sales & Use Tax Commission
Notes to the Financial Statements
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the DeSoto Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The commission is comprised of five members, two each selected from the DeSoto Parish School Board and the DeSoto Parish Police Jury and one selected from the City of Mansfield, in accordance with a joint agreement of the agencies. The commissioners serve for indefinite terms and without benefit of compensation. The accompanying financial statements of the Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The DeSoto Parish Sales and Use Tax Commission was created as a political subdivision of the state under the provisions of Article VII, Section 3, of the Louisiana Constitution of 1974. Commission board members are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Commission is the collector for all sales and use and occupancy taxes within the parish. Based on the above, the Commission was determined to be a separate governmental reporting entity. The Commission includes all funds that are within the primary responsibility of the Commission. Certain units of local government over which the Commission exercises no primary responsibility, such as the DeSoto Parish Police Jury, School Board, Assessor, Clerk of Court, and municipalities within the parish, are excluded from the accompanying financial statements. These units of local government are governed by independently elected officials. They are neither controllable by nor answerable to the Commission. Further, their operations do not require the approval of the Commission nor is the Commission legally or fiscally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the DeSoto Parish Sales and Use Tax Commission.

B. FUNDS The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds of the Commission are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the Commission's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of capital assets, and the servicing of long-term debt. Governmental funds include:

General fund - the primary operating fund of the Commission. It accounts for all financial resources of the Commission.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission.

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Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity. The agency funds are as follows:

Sales tax collection agency fund - accounts for sales tax monies collected on behalf of other taxing authorities within the parish.

Occupancy tax collection agency fund - accounts for occupancy tax monies collected on behalf of other taxing authorities within the parish.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Fiduciary funds are not included in the government-wide financial statements.

Program revenues Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

Allocation of indirect expenses The Commission reports all direct expenses by object in the Statement of Activities. Direct expenses are those that are clearly identifiable with an object.

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

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

DeSoto Parish Sales & Use Tax Commission
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With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

Fees for the collection of occupancy taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

Interest income is recorded monthly as interest is earned.

Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

Expenditures

Salaries are recorded as earned.

Fiduciary Funds The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. BUDGETS

General Budget Policies The Commission follows these procedures in establishing the budgetary data reflected in the combined financial statements:

During March and April the administrator prepares a preliminary budget for presentation to the Commission. In accordance with adopted policies of the Commission, the budget document must include the following:

1. A budget message, signed by the administrator, which includes a summary description of the most important features and objectives of the budget.
2. A budget summary listing.
3. A proposed budget adoption resolution for the City of Mansfield, DeSoto Parish School Board, and Desoto Parish Police Jury.

The Commission then reviews the proposed budget, makes any changes it deems appropriate, and approves the budget for submission to the taxing bodies on or before May 1. The City, School Board, and Police Jury, no later than June 15, approve or reject the budget.

During the year, the administrator is authorized, subject to approval of the Commission, to make changes within budget classifications as he may deem appropriate. However, any reallocation of budgeted amounts in excess of 5% of total revenues, total expenditures, and/or beginning fund balance, must be approved in advance by the City, School Board, and Police Jury.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original budget amounts and any subsequent amendments.

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Formal budget integration (within the accounting records) is not employed. Budget amounts included in the accompanying financial statements include the original and amended adopted budget.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

E. DEPOSITS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. CAPITAL ASSETS Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. The capitalization threshold is \$100. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used, based on the following estimated useful lives:

Buildings	40 years
Furniture and Equipment	5-12 years

G. COMPENSATED ABSENCES All employees earn up to 20 days vacation leave each year depending on length of service. Unused vacation leave may be carried forward to the succeeding year up to a maximum of 60 days and is paid to employees upon separation from service. All employees receive one day of sick leave per month. Unused sick leave may be carried forward to the succeeding year up to a maximum of 25 days and is paid to employees upon separation from service.

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

I. FUNDEQUITY OF FUND FINACIAL STATEMENTS GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the Commission's highest level of decision making authority. The Board is the highest level of decision making authority for the Commission which can commit fund balance prior to the close of the fiscal year through the submission and adoption of a resolution. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

DeSoto Parish Sales & Use Tax Commission
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Assigned: Fund balance that is constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed. The Commission’s policy does not address assignment of fund balance.

Unassigned: Fund balance that is the residual classification for the general fund.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The Commission reduces unassigned amounts, followed by committed amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

J. LONG-TERM LIABILITIES The Commission provides certain continuing medical, dental, vision and life insurance benefits for its retired employees. The OPEB Plan is a single employer defined benefit “substantive plan” as understood by past practices of the Commission.

NOTE 2 - DEPOSITS Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission’s carrying amount of deposits was \$124,559 and the bank balance was \$441,144.

These deposits are reported as follows: Statement A-cash and cash equivalents, \$110,430; Statement H- cash, \$13,433 and restricted cash, \$696. Of the bank balance, \$250,000 was collateralized with FDIC Insurance. For two days deposits were under-secured by \$191,144 until an outstanding check cleared.

Interest rate risk: The Commission’s policy does not address interest rate risk.

Custodial credit risk: The Commission’s policy does not address custodial credit risk.

NOTE 3 - CAPITAL ASSETS The changes in capital assets follow:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities:				
Building	\$ 389,607	\$ -	\$ -	\$ 389,607
Furniture and equipment	112,997	418	599	112,816
Total	502,604	418	599	502,423
Less accumulated depreciation:	261,334	13,312	599	274,047
Capital assets, net	<u>\$ 241,270</u>	<u>\$ (12,894)</u>	<u>\$ -</u>	<u>\$ 228,376</u>

NOTE 4 - RETIREMENT SYSTEMS All Commission employees participate in the Teachers' Retirement System of Louisiana, which is a cost-sharing, multiple-employer public employee retirement system (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Employees of the Commission are enrolled in the retirement system as employees of DeSoto Parish School Board; therefore, the proportionate share of the pension liability is reported by DeSoto Parish School Board. The Commission does not report a pension liability, deferred outflow, or deferred inflows. The Commission reports as an expenditure the

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amount that has been paid to the School Board which is the actuarially required contribution. The Teacher’s Retirement System of Louisiana issues a public report that includes financial statements and required supplementary information. A copy of the report may be obtained from www.trsl.org. Pertinent information relative to the plan is as follows:

General Information about the Pension Plan

Plan Descriptions/Benefits Provided:

Teachers’ Retirement System of Louisiana: TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a “teacher” as provided for in R.S 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011 and July 1, 2015.

Most members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of service, 2) at the age of 55 with at least 25 years of service, or 3) at any age with at least 30 years of service. For members joining on or after July 1, 2015, retirement benefits are paid at age 62 with at least 5 year of service credit. Members may retire with an actuarially reduced benefit with 20 years of service credit. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member’s average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and attained at least 5 years of service or if employed on or after January 1, 2011 and attained at least 10 years of service. Members employed prior to January 1, 2011 receive disability benefits equal to 2½% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011 receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2½% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. The minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

TRSL has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2019, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers’ Retirement System, Regular	8%	26.7%

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Total covered payroll of the Commission for TRSL - Regular Plan for the year ended June 30, 2019, amounted to \$304,088. Employer contributions to the DeSoto Parish School Board were \$81,192 which was the annual actuarial required contribution for the Commissions employees.

NOTE 5 - COMPENSATED ABSENCES At June 30, 2019, employees of the Commission have accumulated and vested \$55,108 of employee leave benefits including \$788 of salary related benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended June 30, 2019:

Governmental activities:	Beginning Balance	Additions	Deductions	Ending Balances	Due within One year
Compensated Absences	\$ 52,957	\$ 27,104	\$ 24,953	\$ 55,108	\$ 24,953
Total	\$ 52,957	\$ 27,104	\$ 24,953	\$ 55,108	\$ 24,953

NOTE 7 - 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; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and omissions claims paid policy.

NOTE 8 - LITIGATION AND CLAIMS

Taxes Paid Under Protest At June 30, 2019, the Commission is involved in litigations regarding taxes paid under protest. These funds have been placed in an escrow account. A liability of \$696 for taxes paid under protest is included in the agency fund.

Credit Memos In addition, the Commission entered into a settlement agreement in February 2016 with a vendor granting the vendor a credit of \$4,992,807. The balance of this credit was \$11,677 after the sales tax return for June 2019 was filed.

DeSoto Parish Sales & Use Tax Commission
Notes to the Financial Statements
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NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS The following is a summary of the collections and payments made to local governmental entities for sales tax collections during the year ended June 30, 2019:

BALANCE, Beginning		\$ 5,302,152
<u>Receipts:</u>		
Sales Tax Collections		48,446,939
<u>Disbursements:</u>		
DeSoto Parish School Board		28,154,477
DeSoto Parish Police Jury		11,227,110
DeSoto Parish Law Enforcement District		5,614,075
City of Mansfield		2,078,438
Town of Logansport		312,738
Village of South Mansfield		53,567
Town of Stonewall		452,880
Village of Grand Cane		101,918
Town of Keachi		76,454
Collection fees		615,010
Audit fees (sales tax vendors)		1,322,833
Total Disbursements		50,009,500
BALANCE, Ending		\$ 3,739,591

NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS The following is a summary of the collections and payments made to local governmental entities for occupancy tax collections during the year ended June 30, 2019:

BALANCE, Beginning		\$ 10,943
<u>Receipts:</u>		
Occupancy Tax Collections		146,697
<u>Disbursements:</u>		
City of Mansfield		142,274
Collection Fee		1,804
Total Disbursements		144,078
BALANCE, Ending		\$ 13,562

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NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS The following are schedules of the sales tax and occupancy tax collections and disbursements on a cash basis collected on behalf of and distributed to local governmental entities for fiscal year ended June 30, 2019:

<u>SALES TAX</u>				
	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Total Distribution</u>
DeSoto Parish School Board (2.5%)				
School Board 5/1/68 (1%)	\$ 11,733,064	\$ 143,982	\$ 327,290	\$ 11,261,792
School Board 7/1/86 (.5%)	5,866,532	71,991	163,646	5,630,895
School Board 7/1/86 (.5%)	5,866,532	71,991	163,646	5,630,895
School Board 7/1/01 (.5%)	5,866,532	71,991	163,646	5,630,895
	<u>29,332,660</u>	<u>359,955</u>	<u>818,228</u>	<u>28,154,477</u>
DeSoto Parish Police Jury (1%)				
Police Jury 7/1/81 (.25%)	2,924,503	35,903	81,823	2,806,777
Police Jury 7/1/81 (.50%)	5,849,007	71,806	163,645	5,613,556
Police Jury 7/1/81 (.10%)	1,169,802	14,361	32,729	1,122,712
Police Jury 7/1/81 (.15%)	1,754,701	21,542	49,094	1,684,065
	<u>11,698,013</u>	<u>143,612</u>	<u>327,291</u>	<u>11,227,110</u>
Law Enforcement District (.5%)	5,849,533	71,813	163,645	5,614,075
City of Mansfield (1.5%)				
Mansfield 7/1/80 (1%)	1,410,281	17,954	6,632	1,385,695
Mansfield 1/1/09 (.5%)	705,035	8,976	3,316	692,743
	<u>2,115,316</u>	<u>26,930</u>	<u>9,948</u>	<u>2,078,438</u>
Town of Logansport (1%)	317,823	3,980	1,105	312,738
Village of South Mansfield (1%)	54,253	684	2	53,567
Town of Stonewall (1%)	460,637	5,745	2,012	452,880
Village of Grand Cane (1%)	103,708	1,305	485	101,918
Town of Keachi (1%)	<u>77,557</u>	<u>986</u>	<u>117</u>	<u>76,454</u>
Total	<u><u>\$ 50,009,500</u></u>	<u><u>\$ 615,010</u></u>	<u><u>\$ 1,322,833</u></u>	<u><u>\$ 48,071,657</u></u>
<u>OCCUPANCY TAX</u>				
	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Total Distribution</u>
City of Mansfield (3%)	<u><u>\$ 144,078</u></u>	<u><u>\$ 1,804</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 142,274</u></u>

DeSoto Parish Sales & Use Tax Commission
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NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS: The following are details of the fund balance classifications.

Non spendable:	<u>General</u>
Prepaid items	\$ 1,025
Committed to:	
Sick and annual leave pay	59,025
Unassigned	<u>51,405</u>
Total	<u>\$ 111,455</u>

NOTE 13 - LIENS OVER SALES TAX REMITTERS The Commission has outstanding liens against sales tax remitters who have not submitted sales tax reports to the Commission. The Commission cannot determine the exact amounts owed by the sales tax remitters, since no sales tax returns were submitted and processed into the Commission’s accounting records. The lien amounts recorded at the Clerk of Court’s Office are based on estimates determined by the frequency of sales tax returns submitted and the tax liability owed by the remitter in past sales tax returns. Therefore, no amounts are recorded on the Commission’s agency fund, since the collection of the estimates is not probable.

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB) The Desoto Parish Sales and Use Tax Commission has elected to provide post retirement benefits to its employees. Employees of the Commission are included in the health insurance benefit plan of the DeSoto Parish School Board. The School Board does have a trust established for their OPEB plan. The Commission does not have a separate trust established. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

Plan description - The Commission’s OPEB plan is a single-employer defined benefit “substantive plan” as understood by past practices of the Commission and its employees. Although no written plan currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. The plan provides lifetime healthcare insurance for eligible retirees through the Commission’s group health insurance plan. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the Commission. Also, no stand-alone financial report was prepared. Substantially all of the Commission’s employees become eligible for these benefits if they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission.

Benefits Provided and Funding Policy - The contribution requirements of plan members and the Commission are established and comply with LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The contribution rates are as follows:

Years of Employment	Medical		Dental		Vision	
	% Paid by Retiree	% Paid by Commission	% Paid by Retiree	% Paid by Commission	% Paid by Retiree	% Paid by Commission
Less than 10	80	20	100	0	No insurance	
10 to 14.99	60	40	75	25	No insurance	
15 to 19.99	40	60	50	50	No insurance	
20 or more	15	85	25	75	0	100

- Medical - grandfathering provisions apply to those employees hired before January 1, 2010.
- Dental - grandfathering provisions apply to those employees hired before January 1, 2011.
- Vision - grandfathering provisions apply to those employees retired before January 1, 2011.

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For employees that retired prior to January 1, 2010, the Board pays 100% of the life insurance premium for retired employees with coverage ending at age 99. Employees that retire after December 31, 2009 are eligible for the following life insurance benefits paid based on their years of service working for the Commission when they retire with coverage ending at 80:

<u>Years of Employment</u>	<u>Life Insurance</u>
Less than 20	No insurance
20 to 30	\$5,000
30 or more	\$10,000

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	5
Total	5

Total OPEB Liability – The Commission’s total OPEB liability of \$670,348 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age normal cost - Level percentage of projected salary
Discount rate	3.50% based on the Bond Buyer General Obligation 20 bond municipal index
Healthcare trend	Flat 5.5% annually
Mortality	RP-2000 Table without projection with 50%/50% unisex blend.
Turnover	Age specific table with an average of 7.5% when applied to the active census.
Retirement rates	30 years of service at any age; age 55 and 25 years of service; or, age 60 with 5 years of service. Employees hired on or after January 1, 2011 must have at least 20 years of service to retire or enter D.R.O.P. with an unreduced retirement benefit.
Salary increase	3.00%

No salary experience studies were conducted. The Commission contributed \$20,000 utilizing the pay-as-you-go basis.

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Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2018	\$ 609,644
Changes for the year:	
Service cost	18,797
Interest	23,957
Difference between expected and actual experience	(14,917)
Effect of assumptions changes or inputs	45,398
Benefit payments	(12,531)
Net changes	60,704
Balance at June 30, 2019	\$ 670,348

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 814,517	\$ 670,348	\$ 559,378

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	1% Decrease (4.50%)	Current Trend Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	\$ 554,257	\$ 670,348	\$ 821,399

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB– For the year ended June 30, 2019, the Commission recognized OPEB expense of \$40,930. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,015
Changes of assumptions	12,928	-

DeSoto Parish Sales & Use Tax Commission
Notes to the Financial Statements
June 30, 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2020	\$	(292)
2021		(292)
2022		(292)
2023		(292)
2024		(292)
Thereafter		(2,627)

NOTE 15 - NEW GASB STANDARDS ADOPTED In fiscal year 2019, the Commission adopted the following new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued by the Government Accounting Standards Board. This Statement is to improve the information that is disclosed in the School Board’s notes to the financial statements related to debt, including direct borrowings and direct placements. Another objective of this Statement is to clarify which liabilities the School Board should include when disclosing information related to debt. In addition to defining debt for the purposes of disclosure in the notes, this Statement requires additional essential information related to debt to be disclosed.

The adoption of Statement No. 88 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

DeSoto Parish Sales & Use Tax Commission
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2019

Total OPEB Liability	2019	2018
Service costs	\$ 18,797	\$ 20,966
Interest	23,957	22,767
Difference between expected and actual experience	(14,917)	(3,535)
Effect of assumption changes or inputs	45,398	(33,650)
Benefit payments	(12,531)	(11,878)
Net change in total OPEB liability	60,704	(5,330)
Total OPEB liability - Beginning	609,644	614,974
Total OPEB liability - Ending	\$ 670,348	\$ 609,644
Covered employee payroll	311,125	302,063
Total OPEB liability as a percentage of covered employee payroll	215.46%	201.83%

Changes of Assumptions

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following is the discount rate used:

2019	3.50%
2018	3.87%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

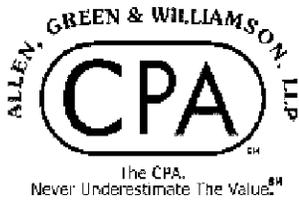
No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

SUPPLEMENTARY INFORMATION

DeSoto Parish Sales & Use Tax Commission
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head : Chris Robinette, Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 99,216
Benefits - Insurance	22,046
Benefits - Retirement	26,491
Per Diem (Cell Phone Allowance)	720
Travel	587
Registration Fees	1,120
Conference Travel	772
Conference (Hotel)	1,342
Conference (Special Meals)	69



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Crystal Patterson, CPA
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Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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*

Independent Auditor's Report

Board Members
DeSoto Parish Sales and Use Tax Commission
Mansfield, 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, each major fund, and the aggregate remaining fund information of DeSoto Parish Sales and Use Tax Commission as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto Parish Sales and Use Tax 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 DeSoto Parish Sales and Use Tax Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish Sales and Use Tax 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 DeSoto Parish Sales and Use Tax Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

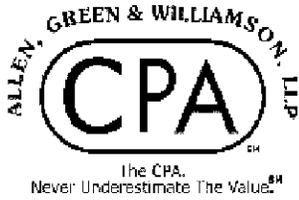
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2019



ALLEN, GREEN & WILLIAMSON, LLP

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(Retired) 1963 - 2006

Management Letter

Board Members
DeSoto Parish Sales and Use Tax Commission
Mansfield, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of DeSoto Parish Sales and Use Tax Commission, for the year ended June 30, 2019, we considered the Tax Commission's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted a certain matter involving internal control that is presented for your consideration. This letter does not affect our report dated December 31, 2019, on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tax Commission. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comments and management's response are summarized as follows:

2019-M1 Sales Tax Audit Contracts

Comment: The Commission contracts with three private auditing firms to perform sales tax audits along with employing two sales tax auditors. A summary of the sales tax contracts follows:

Contract A

Original contract is dated 2005 with amendments in 2011 and 2014. The 2011 amendment states "Parish shall compensate the Contractor a fee for all hours worked on all examinations based on an hourly rate of \$100, plus expenses for examination services performed during the term of this contract. Contractor and Parish stipulate and agree the Contractor fees are in no way dependent on the examination findings. Parish and Contractor agree that payment for hourly fees may equal but not exceed 30% of the total revenue collected by the Parish as a result of all examinations performed by the Contractor under this contract. Hours accumulated for billing by the Contractor on examinations that exceed the maximum agreed billing percentage will be carried forward for payment from future revenue under the terms of this agreement." The 2014 amendment increased the billing rate to \$200 per hour. In reviewing some of the invoices the hourly rate is now \$300 per hour although no amendment was provided.

This contractor was paid \$1,210,756.39 in the fiscal year. Four invoices were reviewed for this contract. For each invoice, the contractor was paid 30% of the assessment instead of the hourly rate. No information was provided by the contractor for the number of hours. Each invoice lists the hours worked and the hours that are credited as a result of the invoice. The total hours ranged from 3,000 to 6,000. In addition the penalty was waived by the Commission on one large assessment but the 30% was calculated on the total assessment instead of the total revenue collected which appears to be an overpayment of \$96,233.70.

Contract B

Contract is dated November 10, 2016. This contract has a fee cap option and a flat rate option. Fee cap option – “The total fees payable per audit under this option shall not exceed 50% of the total tax and interest collected by client or the total refund or credit reduction amount.” Flat rate option – The total fees payable per audit under this option will be based on fixed hourly rates. The hourly rates shall be adjusted at the beginning of each contract year. Each annual rate adjustment increase shall be 2%.” The contract lists the hourly rates which range from \$19.00 per hour to \$92.00 per hour. Hours under this contract do not carry forward but apply to each audit.

This contractor was paid \$72,788.45 in the fiscal year. Two invoices were reviewed for this contract. Each invoice provided the number of hours worked by classification of employee and the total amount for hours worked. The flat rate option was also included. The Commission was billed the lower of the flat rate option or the fee cap option. For example, on one of the invoices the flat rate option resulted in a fee of \$49,391.20 and the fee cap option resulted in a fee of \$661,625.20. The Commission was billed the lower fee.

Contract C

Contract is dated October 29th, 1991 with no amendments provided. This contract states “For all audit services at the rate of \$75.00 to \$200.00 per hour depending upon expertise – a cost breakdown of the hourly rate must be provided to the Administrator along with the audit findings. Any out-of-pocket expenses, as approved by the Administrator, shall be included in the audit findings. However, the fee to be paid shall not exceed 50% of the total tax, penalties, interest, and expenses collected from any audit, excluding attorney’s fees. Where no tax, interest or penalty is collected, there will be no fee due from the Commission for the audit.”

This contractor was paid \$39,284.17 in the fiscal year. One invoice was reviewed for this contractor. The invoice included the number of hours and hourly rate for the audit and a calculation of the hourly rate and the fee based on the 50% cap. The lower rate was paid.

Recommendation: Audit contracts should be updated and reviewed for adherence to R.S. 47:337.26. This statute also requires approval by the majority of the affected taxing authorities. In addition, the potential overpayment noted under Contract A should be reviewed to determine if contractor was overpaid. Contractors should provide a detailed description of the hours worked by classification of employee.



Chris W. Robinette, CTA
Administrator

DESOTO PARISH SALES AND USE TAX COMMISSION



2019-M1 SALES TAX AUDIT CONTRACTS

Management Response:

In 1991, the Commission established an audit program to regularly conduct sales and use tax examinations (audits) of the books and records of dealers engaging in business in DeSoto Parish. One purpose of the program is to be effective and efficient in recovering revenue due the taxing authorities at the least amount of costs.

As a part of this program, we have contracted with outside audit firms to help conduct audits of companies which are mostly out-of-state and are not cost-effective for the Commission auditors to perform. These contracts allow the Commission to collect additional revenue that would otherwise be lost and are structured in a manner so there is no cost to the Commission since their fees are taken from the revenue they discover and are not included as a line item in our budget.

The Commission agrees that the contracts should be reviewed and updated and have already taken the following steps:

- A. On October 30, 2019 a letter was issued to the two firms in question requesting that a new and updated agreement be drafted for our attorney's review.
- B. Upon receiving a draft of these agreements, we met with Mr. Richard Barham, our attorney, on November 15, 2019 to review the agreements and receive his recommendation.
- C. On December 12, 2019, after receiving Mr. Barham's approval, the two new agreements were executed.

During our meeting with Mr. Barham, the potential overpayment mentioned was reviewed and it was his determination that the matter was handled correctly by the Commission in accordance with the agreement at that time.

As a reminder, the Commission does provide a detailed audit report each quarter at our regularly scheduled board meeting which lists the total gross audit revenue collected, any total audit fees paid, and the total net audit revenue that was distributed to the taxing authorities.

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Our audit procedures are designed primarily to enable us to form our opinions on the financial statements of the Desoto Parish Sales & Use Tax Commission as of and for the year ended June 30, 2019, which collectively comprise the Commission's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Also included are management's responses to our current year management letter items. We have performed no audit work to verify the content of the responses.

This report is intended solely for the information and use of the Board members, management, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP

Monroe, Louisiana
December 31, 2019