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

FINANCIAL STATEMENTS

JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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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), 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.

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, 2019, 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 3 to 6 and 23, 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 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 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, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2019, 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 effectiveness of the 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.



Baton Rouge, Louisiana
December 17, 2019

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. 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 7.

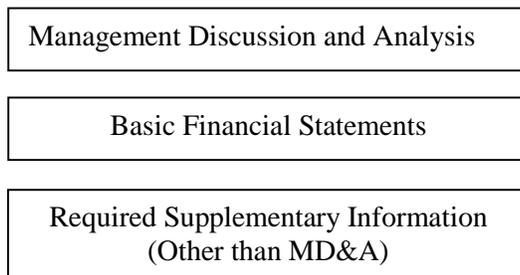
FINANCIAL HIGHLIGHTS

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 \$11,067.
- The General fund reported a deficiency of revenues over expenditures of \$6,044, decreasing fund balance to \$100,803.
- Total revenues in the general fund increased \$1,895 while total expenditures in the general fund increased \$1,161.

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, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 7 and 8) 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 9. 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 13. 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

	2019	2018
Cash and cash equivalents	\$ 100,839	\$ 107,218
Receivables	2,728	2,718
Capital assets, net	842	1,564
Total Assets	\$ 104,409	\$ 111,500
Current liabilities	\$ 2,764	\$ 3,089
Non-current liabilities	53,821	49,520
Total Liabilities	56,585	52,609
Net position		
Net investment in capital assets	842	1,564
Unrestricted	46,982	57,327
Total Net Position	47,824	58,891
Total Liabilities and Net Position	\$ 104,409	\$ 111,500

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Net position of the Commission decreased by \$11,067 or 18.8% from the previous fiscal year. (See table below)

Statement of Activities
For the Year Ended

	June 30, 2019	June 30, 2018
Program revenues		
Charges for services	\$ 96,099	\$ 94,322
Other revenues	390	272
Total revenue	96,489	94,594
Expenses	(107,556)	(106,395)
Change in net position	\$ (11,067)	\$ (11,801)

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, the Commission periodically assesses these changes for adequacy. In the current year, program revenues increased by approximately \$1,777 or 1.9% and expenses increased by approximately \$1,161 or 1.1%. These increases are the result of increases to the compensation and benefits cost for the sole employee.

Long-Term Liabilities

The Commission's only long-term liability consists of its compensated absence payable. The Commission had \$53,821 in compensated absences payable at year end compared to \$49,520 at the previous year end, an increase of \$4,301 or 8.7%. 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.

TAX COLLECTIONS AND DISTRIBUTIONS

Sales and use tax collections, including protested taxes collected and interest on late payments, for the years ended June 30, 2019 and 2018 amounted to \$11,896,510 and \$11,182,815, respectively. Distributions of these taxes to appropriate governmental jurisdictions within Red River Parish during the same period of time amounted to \$11,395,058 and \$11,019,778 respectively. Collections and distributions during the same fiscal year differ because of collection costs and the resolution of disputes affecting distributions usually occur in periods after the respective taxes were collected.

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, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 100,839
Accounts receivable	2,728
Total current assets	<u>103,567</u>

Noncurrent Assets:

Capital assets, net	<u>842</u>
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Total assets	<u>104,409</u>
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LIABILITIES

Current Liabilities:

Accounts payable and accruals	<u>2,764</u>
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Noncurrent Liabilities:

Compensated absences payable	<u>53,821</u>
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Total liabilities	<u>56,585</u>
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NET POSITION

Net investment in capital assets	842
Unrestricted	<u>46,982</u>
Total net position	<u>\$ 47,824</u>

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Charges for Services	Net Expense and Changes in Net Position
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 107,556	\$ 96,099	\$ (11,457)
Total governmental activities	\$ 107,556	\$ 96,099	(11,457)
General Revenues:			
Interest income			390
Total general revenues			390
Change in net position			(11,067)
Net position, beginning of year			58,891
Net position, end of year			\$ 47,824

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 100,839
Accounts receivable	<u>2,728</u>
Total Assets	<u><u>\$ 103,567</u></u>

LIABILITIES

Accounts payable and accruals	<u>\$ 2,764</u>
Total Liabilities	<u>2,764</u>

FUND BALANCES

Unassigned	<u>100,803</u>
Total Fund Balances	<u>100,803</u>
Total Liabilities and Fund Balances	<u><u>\$ 103,567</u></u>

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

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, 2019

Total fund balances - Governmental Fund	\$	100,803
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, 2019	\$	9,159
Less: Accumulated Depreciation as of June 30, 2019		<u>(8,317)</u> 842
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>(53,821)</u>
Total net position - Governmental Activities	\$	<u><u>47,824</u></u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES

Charges for service	\$ 96,099
Interest income	390
Total revenues	<u>96,489</u>

EXPENDITURES

General Government:	
Employee salary and benefits	72,783
Travel	367
Operating services	13,463
Supplies	1,520
Professional services	14,400
Total expenditures	<u>102,533</u>

CHANGE IN FUND BALANCE

	<u>(6,044)</u>
Fund balance - beginning of year	<u>106,847</u>
Fund balance - end of year	<u>\$ 100,803</u>

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

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, 2019

Net change in fund balance - governmental fund	\$ (6,044)
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>(4,301)</u>
Change in Net Position - Governmental Activities	<u>\$ (11,067)</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 67,495
Taxes receivable	<u>967,638</u>
Total assets	<u><u>\$ 1,035,133</u></u>

LIABILITIES

Taxes paid under protest	\$ 13,103
Due to other governments	<u>1,022,030</u>
Total liabilities	<u><u>\$ 1,035,133</u></u>

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Basis of Presentation

The accompanying financial statements of the Clerk have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Reporting Entity

For financial reporting purposes, the Commission's basic financial statements include all funds that are controlled by the Commission. The Commission was created and organized as an independent agency for the collection of sales and use taxes.

Fund Accounting

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for most of the Commission's governmental activities. These funds focus on the sources, uses, and balances of current financial resources. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Commission. The following is the Commission's governmental funds:

General Fund

The General fund is the primary operating fund of the Commission and it's considered to be the Commission's only major fund. It is used to account for all financial resources except those required to be accounted for in other funds. The General fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Commission's policy.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Accounting (continued)

Governmental Funds (continued)

Funds

Fiduciary fund reporting focuses on resources held for other parties. The only fund accounted for in this category by the Commission is an agency fund. 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 custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but use 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.

Basis of Accounting / Measurement Focus

Government-wide financial statements (GWFS)

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.

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.

Fund Financial Statement (FFS)

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.

The amounts reflected in the General Fund are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in net fund balances reports on the sources (i.e., revenues and other financing resources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of clerk operations.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting / Measurement Focus (continued)

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.

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, 2019, all receivables are deemed collectible.

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. The Commission maintains a threshold level of \$1,000 or more for capitalizing assets.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Commission's employee earns 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.

Net Position

For the government-wide statement of net position, net position amount is classified and displayed in three components:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

Fund Balance of Fund Financial Statements

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

- 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.
- Restricted – represents balances where constraints have been established by parties outside the Commission or imposed by law through constitutional provisions or enabling legislation.
- 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.
- Assigned – represents balances that are constrained by the Commission's intent to be used for specific purposes, but are not restricted nor committed.
- 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.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance of Fund Financial Statements (continued)

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.

Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Commission's financial report:

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Commission controls the assets in a fiduciary activity and (2) if there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The Commission will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the Commission are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The Commission will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the Commission's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Commission is unknown at this time.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with Financial Institutions

	Governmental Funds	Fiduciary Funds
Cash and cash equivalents		
Demand deposits	\$ 100,839	\$ 54,392
Restricted cash		
Demand deposits - escrow	-	13,103
Total deposits	<u>\$ 100,839</u>	<u>\$ 67,495</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to them. The Commission does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent's financial institution. At June 30, 2019, the Commission's bank balance of demand deposit accounts was \$421,055 and was fully collateralized or FDIC insured and therefore not exposed to custodial credit risk.

The Commission has restricted assets relating to taxes paid under protest (see Note 8). The escrow account consists of taxes remitted to the Commission under protest. The Commission is not entitled to disburse these funds until the related claim has been settled. Once taxes paid under protest claims are settled the funds will either be returned to the claimant or distributed among the five Commission member entities.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, includes service charges due totaling \$2,728.

4. CAPITAL ASSETS

A summary of the Commission's capital assets at June 30, 2019 follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital Assets				
Furniture, fixtures and equipment	\$ 9,159	\$ -	\$ -	\$ 9,159
Less accumulated depreciation	(7,595)	(722)	-	(8,317)
Total Capital Assets, net	<u>\$ 1,564</u>	<u>\$ (722)</u>	<u>\$ -</u>	<u>\$ 842</u>

5. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2019, includes vendor and payroll liabilities of \$542 and \$2,222, respectively.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

6. COMPENSATED ABSENCES

At June 30, 2019, the employee of the Commission had accumulated \$53,821 in annual leave benefits. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2019.

Compensated absences payable, beginning of year	\$ 49,521
Additions	7,301
Deletions	<u>(3,001)</u>
Compensated absences payable, end of year	<u>\$ 53,821</u>

7. CONCENTRATION OF REVENUES

The Commission received fee revenues based on a percentage of collected sales and use taxes, up to an established minimum, 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 2019.

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 \$13,103 in sales taxes paid under protest as of June 30, 2019. These amounts are held in escrow 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, 2019, totaling approximately \$18,200. This total is comprised of approximately \$13,000 of taxes paid in protest for which the balances have been escrowed and approximately \$5,200 of unprotested claims for which the taxpayers are seeking a refund and the 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.

During the year ended June 30, 2019, taxes paid in protest totaling \$1,837,355 were settled resulting in amounts owed to the respective taxpayers totaling \$1,820,164. The remaining \$17,191 was released from the claim. These settlements have no impact on the financial statements as the protests 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, 2019**

9. LITIGATION AND CLAIMS (continued)

During the year ended June 30, 2019, other disputed taxes totaling \$7,204,431 that were not escrowed, were settled resulting in amounts owed to the respective taxpayers totaling \$244,073. The remainder of the claims settled totaling \$6,960,357 was relieved and the Commission will not be required to refund the amount. Since these claims were not originally paid under protest and escrowed, these settlements are funded by directly reducing distributions to taxing districts.

There were no settlements subsequent to June 30, 2019.

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, 2018	\$ 54,372	\$ 1,828,156	\$ 1,882,528
COLLECTIONS			
Sales and use taxes	11,890,668	4,272	11,894,940
Interest	<u>731</u>	<u>839</u>	<u>1,570</u>
Total Collections	11,891,399	5,111	11,896,510
DISTRIBUTIONS AND COLLECTION COSTS			
Red River Parish School Board (2%)	4,808,274	-	4,808,274
Red River Parish Police Jury (1.5%)	3,606,247	-	3,606,247
Red River Parish Sheriff's Office (1.0%)	2,404,141	-	2,404,141
Town of Coushatta (1.0%)	560,534	-	560,534
Village of Hall Summit (1.0%)	<u>15,862</u>	<u>-</u>	<u>15,862</u>
Total Distributions	11,395,058	-	11,395,058
Settled disputes paid to taxpayers	<u>388,093</u>	<u>1,820,164</u>	<u>2,208,257</u>
Cost of collections	<u>108,228</u>	<u>-</u>	<u>108,228</u>
Cash available for settlement at June 30, 2019	<u>\$ 54,392</u>	<u>\$ 13,103</u>	<u>\$ 67,495</u>

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

11. COLLECTIONS ON BEHALF OF THE TAXING AUTHORITIES

	<u>Total Collections</u>	<u>Collection Costs</u>	<u>Non- escrowed Settlements</u>	<u>Final Distribution</u>
Red River Parish School Board (2%)	\$ 5,018,571	\$ 46,537	\$ 163,760	\$ 4,808,274
Red River Parish Police Jury (1.5%)	3,763,974	34,905	122,822	3,606,247
Red River Parish Sheriff's Office (1.0%)	2,509,290	23,269	81,880	2,404,141
Town of Coushatta (1.0%)	583,045	3,420	19,091	560,534
Village of Hall Summit (1.0%)	16,499	97	540	15,862
Totals	<u>\$11,891,379</u>	<u>\$ 108,228</u>	<u>\$ 388,093</u>	<u>\$11,395,058</u>

The 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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 96,013	\$ 96,055	\$ 96,099	\$ 44
Interest income	485	400	390	(10)
Total Revenues	<u>96,498</u>	<u>96,455</u>	<u>96,489</u>	<u>34</u>
<u>EXPENDITURES</u>				
General Government:				
Employee salary and benefits	74,063	72,861	72,783	78
Travel	450	450	367	83
Operating services	12,937	13,587	13,463	124
Supplies	1,500	1,500	1,520	(20)
Professional services	15,100	14,900	14,400	500
Total Expenditures	<u>104,050</u>	<u>103,298</u>	<u>102,533</u>	<u>765</u>
<u>CHANGES IN FUND BALANCE</u>				
	<u>(7,552)</u>	<u>(6,843)</u>	<u>(6,044)</u>	<u>799</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>106,879</u>	<u>113,051</u>	<u>106,847</u>	<u>(6,204)</u>
End of year	<u>\$ 99,327</u>	<u>\$ 106,208</u>	<u>\$ 100,803</u>	<u>\$ (5,405)</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, 2019

Agency Head: Elaine Moore

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 53,922
Benefits - (Supplement and Insurance)	18,861
Car mileage	<u>367</u>
	<u>\$ 73,150</u>

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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, 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 17, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 17, 2019

RED RIVER PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019

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, 2019.
2. No material weaknesses were reported relating to the audit of the financial statements. No significant deficiencies in internal control are reported.
3. No instance of noncompliance material to the financial statements of the Commission was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

RED RIVER PARISH SALES AND USE TAX COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

RED RIVER PARISH SALES AND USE TAX COMMISSION

REPORT TO MANAGEMENT

In relation to a financial statement audit

JUNE 30, 2019



Postlethwaite & Netterville

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December 17, 2019

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, 2019, 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 an internal control matter that represents an opportunity for strengthening internal controls over financial reporting or operational improvements. The following paragraphs summarize our comment and suggestion regarding the matter identified. This letter does not affect our report dated December 17, 2019 on the financial statements of the Commission.

CURRENT YEAR

MLC 2019-001 Segregation of Duties and Reconciliations (Recurring) (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

RED RIVER PARISH SALES & USE TAX COMMISSION

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL
AREAS

FOR THE YEAR ENDED JUNE 30, 2019



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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 (the Entity) and the Louisiana Legislative Auditor (LLA) (the specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. 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 results 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
December 17, 2019

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

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. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “*procedure was not performed due to no exceptions occurring for this procedure in the prior year*” is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

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

No exceptions noted.

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.

No exceptions noted.

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

No exceptions noted.

d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

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

No exceptions noted.

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.

No exceptions noted.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Written Policies and Procedures (continued)

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Not applicable as the Commission does not issue credit cards.

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

No exceptions noted.

- 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.

No exceptions noted.

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

Not applicable as the Commission does not have and historically has not had debt.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Commission does not have written policies for disaster recovery/business continuity including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Commission meets quarterly and is comprised of five members. One member is selected from each of the following in accordance with a joint agreement between the agencies: 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 the absence of a Commission member, their designee will often attend the meeting.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Bank Reconciliations (continued)

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of one (1) deposit site. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) deposit site and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of one (1) collection location. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) collection location for the one (1) deposit site. Review of the Commission's written policies and procedures and/or inquiry with employee regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employee responsible for collecting cash also prepares/makes the bank deposit and reconciles collection documentation to the deposit.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Collections (continued)

- c) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employee responsible for collecting cash also prepares/makes the bank deposit and reconciles collection documentation to the deposit.

- d) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee responsible for collecting cash also posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit.

- e) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for collecting cash also reconciles cash collections to the general ledger and/or subsidiary ledgers.

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

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

As procedure #3 was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures, we randomly selected the month of January along with two (2) deposit dates for each of the three (3) bank accounts held by the Commission. We obtained supporting documentation and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

The Commission does not maintain sequentially pre-numbered receipts. As such, we were unable to perform the procedure.

RED RIVER PARISH SALES & USE TAX COMMISSION
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Schedule A

Collections (continued)

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

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

The listing of payment processing locations was provided and included a total of one (1) location. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

Review of the Commission's written policies and procedures and/or inquiry with employee regarding job duties was performed in order to perform the procedures below.

RED RIVER PARISH SALES & USE TAX COMMISSION
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Schedule A

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We noted disbursements for three (3) funds are processed at the one (1) location identified. For one (1) of the three (3) funds, a single employee initiates purchase requests, approves purchases and is responsible for placing / making purchases.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

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

No exceptions noted.

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

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

The Commission does not utilize purchase orders. No other exceptions were noted.

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Schedule A

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

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

Not applicable as the Commission does not issue credit cards.

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

Not applicable as the Commission does not issue credit cards.

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

Not applicable as the Commission does not issue credit cards.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable as the Commission does not issue credit cards.

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

Not applicable as the Commission does not issue credit cards.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Travel and Expense Reimbursement (continued)

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor listing for the fiscal year was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We noted no exceptions for two (2) of the five (5) contracts. There was no formal/written contract supporting three (3) routine professional services contracts. As such, we were unable to perform the procedure for those contracts.

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Schedule A

Contracts (continued)

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

We noted no exceptions for two (2) of the five (5) contracts. There was no formal/written contract supporting three (3) of the five (5) vendors. As such, we were unable to perform the procedure for those contracts.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We noted no exceptions for two (2) of the five (5) contracts. There was no formal/written contract supporting three (3) of the five (5) vendors. As such, we were unable to perform the procedure for those contracts. All disbursements were supported by approved invoices.

Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal period was provided and included a total of one (1) employee. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the one (1) employee employed during the fiscal period and performed the procedures noting no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected one (1) pay period during the fiscal period and performed the procedures below for the one (1) employee selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exceptions noted.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Payroll and Personnel (continued)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

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

Not applicable as there were no terminations during the fiscal period.

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

No exceptions noted.

Ethics (excluding nonprofits)

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

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
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Schedule A

Debt Service

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

Not applicable as the Commission did not issue bonds/notes in the fiscal period.

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

Not applicable as the Commission did not have any bonds/notes outstanding at the end of the fiscal period.

Other

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year.

**RED RIVER PARISH SALES & USE TAX COMMISSION
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2019**

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 amend policies and procedures where applicable to address the findings noted in this section by June 30, 2020.

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 assess the findings and consider amending policies and procedures where applicable to address the findings noted in this section by June 30, 2020.

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.

Contracts

The Commission will amend policies and procedures where applicable to address the findings noted in this section by June 30, 2020. In addition, the Commission will continue to follow all provisions of the Louisiana Bid Law and emphasis best practices.