

NATCHITOCHEs TAX COMMISSION

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

Natchitoches Tax Commission
Financial Report
Year Ended June 30, 2021

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NATCHITOCHEs TAX COMMISSION

P. O. Box 639
Natchitoches, LA 71457

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Tax Commission's (hereafter referred to as the Tax Commission) annual financial report presents an overview and analysis of the Tax Commission's financial activities as of and for the fiscal year ended June 30, 2021. The intent of the MD&A is to look at the Tax Commission's financial performance as a whole. Therefore, it should be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Tax Commission's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Tax Commission as a whole and presents a longer-term view of the Tax Commission's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the Tax Commission's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Tax Commission's net position may serve as a useful indicator of whether the financial position of the Tax Commission is improving or deteriorating.
- The Statement of Activities presents information showing how the Tax Commission's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

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

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position		
	<u>2021</u>	<u>2020</u>
Current Assets	\$ 912,228	\$ 874,554
Non-Current Assets	<u>232,106</u>	<u>158,668</u>
Total Assets	<u>\$ 1,144,334</u>	<u>\$ 1,033,222</u>
Deferred outflows of Resources	<u>\$ 226,842</u>	<u>\$ 258,736</u>
Long Term Liabilities	\$ 636,412	\$ 15,068
Other Liabilities	<u>34,316</u>	<u>610,323</u>
Total Liabilities	<u>\$ 670,728</u>	<u>\$ 625,391</u>
Deferred inflows of Resources	<u>\$ 316,520</u>	<u>\$ 320,371</u>
Net Position		
Net Investment in Capital Assets	\$ 153,066	\$ 158,668
Unrestricted	<u>230,862</u>	<u>187,528</u>
Total Net Position	<u>\$ 383,928</u>	<u>\$ 346,196</u>

Summary of the Statement of Activities		
	2021	2020
REVENUES:		
Charges for Services	\$ 170,783	\$ 164,107
Operating Grants and Contributions	486,775	463,897
Interest Income	312	607
Nonemployer Pension Revenue	3,791	3,639
Gain on Investment	<u>2,507</u>	<u>13,335</u>
Total Revenues	<u>\$ 664,168</u>	<u>\$ 645,585</u>
EXPENSES:		
General Government	<u>\$ 626,436</u>	<u>\$ 613,705</u>
Increase in Net Position	\$ 37,732	\$ 31,880
Net Position, Beginning	<u>346,196</u>	<u>314,316</u>
Net Position, Ending	<u>\$ 383,928</u>	<u>\$ 346,196</u>

- The Tax Commission's assets exceeded its liabilities by \$383,928 (net position) for the year and by \$346,196 for the prior year.
- Unrestricted net position of \$230,862 represents the portion available to maintain the Tax Commission's obligation to both citizens and creditors. For the prior year, this was \$187,528, an increase of \$43,334 for the year.

General Fund Budgetary Highlights

The actual revenues were \$21,322 more than the budgeted amount for the year and actual expenditures were \$21,275 less than the budgeted amount for the year. For the year ended June 30, 2021, revenues and expenditures were within the 5% variance allowed.

Economic Factors and Next Year's Budget

The primary revenue source is the intergovernmental revenue received from the Natchitoches Parish School Board, City of Natchitoches and Parish of Natchitoches for reimbursement of operating expenses. Any significant long-term decrease in sales tax would have an impact on the office operations. As there are minimal changes expected in the next fiscal year, the budget for FY 2021/2022 should not significantly differ from FY 2020/2021.

Contacting the Tax Commission

This financial report is designed to provide our citizens and creditors with a general overview of the Tax Commission's finances and to show the Tax Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Natchitoches Tax Commission, P. O. Box 639, Natchitoches, LA 71457.

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

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

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Natchitoches Tax Commission
P. O. Box 639
Natchitoches, La 71457

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Natchitoches Tax Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tax 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary fund information of the Tax Commission as of June 30, 2021, 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Commission's basic financial statements. The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Commission's internal control over financial reporting and compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

September 1, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Natchitoches Tax Commission
Government-Wide Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ 276,060
Investments	556,678
Revenue Receivable	79,490
Total Current Assets	\$ 912,228
Non-current Assets:	
Capital Assets, Net	\$ 153,066
Net Pension Asset	79,040
Total Non-current Assets	\$ 232,106
Total Assets	\$ 1,144,334
Deferred Outflows of Resources:	
Pension	\$ 64,870
OPEB	161,972
Total Deferred Outflows of Resources	\$ 226,842
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 2,621
Payroll Liabilities	31,695
Total Current Liabilities	\$ 34,316
Long-term Liabilities:	
Other Post-Employment Benefits	\$ 618,172
Accrued Compensated Absences	18,240
Total Long-term Liabilities	\$ 636,412
Total Liabilities	\$ 670,728
Deferred Inflows of Resources:	
Pension	\$ 165,585
OPEB	150,935
Total Deferred Inflows of Resources	\$ 316,520
Net Position:	
Net Investment in Capital Assets	\$ 153,066
Unrestricted	230,862
Total Net Position	\$ 383,928

See independent auditors' report and notes to the financial statements.

Natchitoches Tax Commission
Government-Wide Statement of Activities
For the Year Ended June 30, 2021

Program Activities	Expenses	Charges for Service	Operating Grants & Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 626,436	\$ 170,783	\$ 486,775	\$ 31,122
General Revenues:				
Interest Income				\$ 312
Nonemployer Pension Revenue				3,791
Gain on Investment				<u>2,507</u>
Total General Revenues				<u>\$ 6,610</u>
Change in Net Position				\$ 37,732
Net Position, Beginning				<u>346,196</u>
Net Position, Ending				<u>\$ 383,928</u>

FUND FINANCIAL STATEMENTS

Natchitoches Tax Commission
Balance Sheet - Governmental Fund
June 30, 2021

	<u>General Fund</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 276,060
Investments	556,678
Revenue Receivable	<u>79,490</u>
Total Assets	<u><u>\$ 912,228</u></u>
<u>Liabilities</u>	
Accounts Payable	\$ 2,621
Payroll Liabilities	<u>31,695</u>
Total Liabilities	<u>\$ 34,316</u>
<u>Fund Balance</u>	
Unassigned	<u>\$ 877,912</u>
Total Liabilities & Fund Balance	<u><u>\$ 912,228</u></u>

Natchitoches Tax Commission
 Reconciliation of Governmental Fund Balance Sheet
 to the Statement of Net Position
 June 30, 2021

Total Fund Balance of Governmental Funds	\$	877,912
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

The following used in Governmental Activities are not financial resources; and, therefore, are not reported in the Governmental Funds Balance Sheet-

Capital Assets, Net		153,066
Deferred Outflows of Resources-		
Pension		64,870
Net Pension Asset		79,040
OPEB		161,972

The following are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-

Net OPEB Obligation		(618,172)
Accrued Compensated Absences		(18,240)
Deferred Inflows of Resources-		
Pension		(165,585)
OPEB		(150,935)

Total Net Position of Governmental Activities	\$	<u>383,928</u>
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Natchitoches Tax Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES:	
Intergovernmental	\$ 486,775
Charges for Services	170,783
Interest Income	<u>312</u>
Total Revenues	<u>\$ 657,870</u>
EXPENDITURES;	
Current-	
General Government-	
Personnel Services	\$ 463,540
Travel	214
Operating Services	98,646
Supplies	20,310
Professional Services	<u>59,241</u>
Total Expenditures	<u>\$ 641,951</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 15,919</u>
OTHER FINANCING SOURCES (USES):	
Gain on Investment	<u>\$ 2,507</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 18,426
Fund Balances- Beginning of Year	<u>859,486</u>
Fund Balances- End of Year	<u>\$ 877,912</u>

Natchitoches Tax Commission
 Reconciliation of the Statement of Revenues, Expenditures, and
 Change in Fund Balance of the Governmental Fund
 to the Statement of Activities
 June 30, 2021

Net Change in Fund Balance - Governmental Fund	\$	18,426
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as a depreciation expense. The cost of capital assets recorded in the current period is		7,438
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Depreciation Expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation is		(13,040)
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Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The timing differences are summarized below:

Non-Employer Pension Revenue		3,790
Net OPEB Obligation		(10,029)
Pension Expense		28,911
Accrued Compensated Absences		2,236
		2,236

Change in Net Position of Governmental Activities	\$	37,732
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Natchitoches Tax Commission
Statement of Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

	<u>Tax Collector Fund</u>
<u>Assets</u>	
Cash	<u>\$ 554,062</u>
<u>Liabilities</u>	
Unsettled Deposits- Due to Others	<u>\$ 554,062</u>

See independent auditors' report and notes to the financial statements.

Natchitoches Tax Commission
 Fiduciary Fund - Agency Fund
 Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2021

	Tax Collector Fund
Unsettled Balances - Beginning of Year	\$ 518,468
 ADDITIONS:	
Sales & Use Tax	\$ 38,047,547
Ad Valorem Tax	2,537,563
Insurance Licenses	480,022
Occupational Licenses	581,090
Hotel/Motel Tax	461,301
Alcoholic Beverage Licenses	34,345
Total Additions	\$ 42,141,868
 DEDUCTIONS:	
Natchitoches Tax Commission	\$ 38,586
Natchitoches Tourist Commission	461,670
Natchitoches Parish School Board	19,066,218
City of Natchitoches	15,934,617
Parish of Natchitoches	2,173,470
Natchitoches Parish Sheriff	3,880,698
Village of Campti	225,123
Village of Clarence	69,333
Village of Natchez	58,910
Village or Robeline	59,655
Natchitoches Parish Fire District #1	34,902
Natchitoches Parish Fire District #5	22,805
Natchitoches Parish Fire District #6	80,287
Total Deductions	\$ 42,106,274
 Unsettled Balances - End of Year	 \$ 554,062

NOTES TO FINANCIAL STATEMENTS

Natchitoches Tax Commission
Notes to Financial Statements
June 30, 2021

Introduction:

As provided in L.S.A. – R.S. 33:2844, any sales and use tax levied by political subdivisions located within a single parish may be collected by a single tax collector for that parish. These political subdivisions are authorized by this statute to create a joint sales and use tax commission as an independent agency and instrumentality to collect, enforce, and administer the sales and use levied by all of the taxing authorities in that parish. Under the provisions of this statute, the tax commission must include two members appointed by each governing authority of each taxing jurisdiction which has collections equal to or greater than twenty percent of the total sales and use tax collections in the parish. The tax commission may, at its option, contract and make agreements with other local taxing authorities to collect taxes other than sales and use taxes.

The affairs of the Tax Commission are managed by a six-member Board of Commissioners made up of the chief administrative officer and the director of finance of the City of Natchitoches; the Treasurer and President of Natchitoches Parish; and the Director of Business Affairs and the Supervisor of Finance of the Natchitoches Parish School Board. The costs of establishing, operating, maintaining, and administering the Tax Commission shall be borne jointly by the City, School Board and Natchitoches Parish Government on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected during the preceding year.

On May 23, 1989, the City of Natchitoches, the Natchitoches Parish School Board, and the Natchitoches Parish Government entered into an agreement under the provisions of L.S.A. – R.S. 33:2844, for the collections of sales and use taxes and other fees thereby creating the Natchitoches Tax Commission. This agreement empowers the Natchitoches Tax Commission to collect, enforce, and administer the respective sales and use taxes and other fees as have been and may be authorized and levied by the City, School Board, and Natchitoches Parish Government within the boundaries of the City of Natchitoches, Louisiana, and the Parish of Natchitoches, Louisiana, and may institute in the name of the Tax Commission suits to enforce the collection of such taxes.

1. Summary of Significant Accounting Policies:

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

The accompanying financial statements of the Tax Commission consist only of the transactions and activity of the Tax Commission as authorized by Louisiana statutes.

A. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Natchitoches Tax Commission
Notes to Financial Statements
June 30, 2021

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

B. Fund Accounting-

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

The Tax Commission maintains two funds. They are categorized as a governmental fund and a fiduciary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity. The funds of the Tax Commission are described below:

Governmental Fund-

General Fund

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

Fiduciary Fund-

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

C. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Tax Commission as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Natchitoches Tax Commission
Notes to Financial Statements
June 30, 2021

Modified Accrual Basis - Fund Financial Statements (FFS)

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 recorded when susceptible to accrual; i.e., when they are both 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 Tax Commission considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

D. Assets, Liabilities, and Equity-

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.

Investments-

Investments are limited by Louisiana Revised Statute and the Tax Commission's investment policy.

Receivables-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. The receivables at year end were considered to be fully collectible and no allowance for bad debts were recorded.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and Building Improvements	20-40 years
Moveable property	5-10 years

Natchitoches Tax Commission
Notes to Financial Statements
June 30, 2021

Compensated Absences-

The Tax Commission employees earn annual leave at various rates depending on the number of years of service. The maximum amount of annual leave that may be accumulated by each employee is 240 hours. Upon termination, an employee is compensated for up to 240 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

Pensions-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

Equity Classifications-

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

- a. Net investment in capital assets---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position---Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position---All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

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

Natchitoches Tax Commission
Notes to Financial Statements
June 30, 2021

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance---amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance---amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance---amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- d. Assigned fund balance---amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance---amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$877,912. If applicable, the Tax Commission would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

The Board of Commissioners establishes (and modifies and rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

E. Budgetary Practices:

Formal budgetary accounting is employed as a management control. The Tax 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 modified accrual basis of accounting. The Tax 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.

F. 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 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.

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2. Deposits with Financial Institutions

A. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Tax Commission are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Tax Commission will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Tax Commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Tax Commission's name.

At June 30, 2021, the Tax Commission had \$1,066,694 in deposits (collected bank balances). These deposits were secured from risk by \$500,000 of federal deposit insurance and \$566,694 pledged securities. The Tax Commission is not exposed to custodial credit risk.

B. Investments

The investments of the Tax Commission are subject to the following risk:

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The Tax Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Tax Commission diversifies its investments by security type and institution.

Credit Risk: Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Commission's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Commission may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Commission may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

The Tax Commission maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Tax Commission may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market as of the balance sheet date.

At June 30, 2021 the Tax Commission had \$556,678 in investments. These investments were fully secured by U.S. Government securities.

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3. Changes in General Long-term Obligations – Compensated Absences:

At June 30, 2021, employees of the Tax Commission had accumulated \$18,240 in annual leave benefits. The following is a summary of the changes in long-term obligations for accrued compensated absences for the year ended June 30, 2021:

Long-term obligations payable at June 30, 2020	\$20,476
Net Change	<u>(2,236)</u>
Long-term obligations payable at June 30, 2021	<u>\$18,240</u>

4. Lease Obligations:

The Natchitoches Tax Commission was not obligated under any capital or operating leases at June 30, 2021.

5. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2021, is as follows:

Governmental Activities	Balance 07-01-20	Additions	Deletions	Balance 06-30-21
Non-depreciable Capital assets:				
Land	\$ 40,000	\$ 0	\$0	\$ 40,000
Depreciable Capital Assets:				
Buildings & Improvements	\$167,506	\$ 0	\$0	\$167,506
Furniture & Equipment	<u>62,756</u>	<u>7,438</u>	<u>0</u>	<u>70,194</u>
Total Depreciable Capital Assets	<u>\$230,262</u>	<u>\$ 7,438</u>	<u>\$0</u>	<u>\$237,700</u>
Total Capital Assets	<u>\$270,262</u>	<u>\$ 7,438</u>	<u>\$0</u>	<u>\$277,700</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	\$ 65,145	\$ 4,306	\$0	\$ 69,451
Furniture & Equipment	<u>46,449</u>	<u>8,734</u>	<u>0</u>	<u>55,183</u>
Total Accumulated Depreciation	<u>\$111,594</u>	<u>\$13,040</u>	<u>\$0</u>	<u>\$124,634</u>
Total Capital Assets, Net	<u>\$158,668</u>	<u>\$ (5,602)</u>	<u>\$0</u>	<u>\$153,066</u>

Depreciation expense of \$13,040 was charged to the general government function.

6. Pension Plan:

Plan Description

The Tax Commission contributes to Parochial Employees' Retirement System of Louisiana (System) which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security

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on the revision date. The System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically, and other general laws of the State of Louisiana. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.persla.org.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- | | |
|---|---|
| <ul style="list-style-type: none"> • At any age • At age 55 • At age 60 • At age 65 | <ul style="list-style-type: none"> with 30 or more years of creditable service with 25 years of creditable service with a minimum of 10 years of creditable service with a minimum of 7 years of creditable service |
|---|---|

For employees hired after January 1, 2007:

- | | |
|---|---|
| <ul style="list-style-type: none"> • At age 55 • At age 62 • At age 67 | <ul style="list-style-type: none"> with 30 years of service with 10 years of service with 7 years of service |
|---|---|

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2017 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost-of-Living Increases

The Board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (LA R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

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Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 11.11% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contribution revenue for the current year is \$3,791.

The Tax Commission's contractually required composite contribution rate for the year ended June 30, 2021 was 12.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Tax Commission were \$37,699 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ending June 30, 2021 and 2020, the Tax Commission reported an asset of \$79,040 and a liability of \$2,117, respectively, for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Tax Commission's proportion of the Net Pension Liability was based on a projection of the Tax Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the Tax Commission's proportion was 0.045078%, which was an increase of 0.000107% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Tax Commission recognized pension expense of \$9,216 minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$434.

At June 30, 2021, the Tax Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 19,243	\$ 9,434
Changes in assumption	25,860	0
Net difference between projected and actual earnings on pension plan investments	0	154,264
Changes in employer's proportion of beginning net pension liability	495	1,861
Differences between employer contributions and proportionate share of employer contributions	194	26
Subsequent Measurement Contributions	<u>19,078</u>	<u>0</u>
Total	<u>\$64,870</u>	<u>\$165,585</u>

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The deferred outflows of resources related to pensions resulting from the Tax Commission contributions subsequent to the measurement date in the amount of \$19,078, will be recognized as a reduction of the Net Pension Liabilities in the year of June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (33,465)
2023	(12,103)
2024	(49,023)
2025	<u>(25,202)</u>
Total	<u>\$(119,793)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 is as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years.
Investment Rate of Return	6.40%, net of investment expense, including inflation.
Inflation Rate	2.30%
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Projected Salary Increases	4.75%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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The discount rate used to measure the total pension liability was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real Assets	2%	0.11%
Total	100%	5.00%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Tax Commission's proportionate share of the Net Pension Liability using the discount rate of 6.40%, as well as what the Tax Commission's proportionate share of the Net Pension Liability/Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	5.40%	6.40%	7.40%
Net Pension Liability/(Asset)	\$ 165,725	\$ (79,040)	\$ (284,026)

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Annual Financial Report at www.persla.org.

7. Postemployment Health Care and Life Insurance Benefits:

General Information about the OPEB Plan

Plan description – The Natchitoches Tax Commission (the Tax Commission) provides certain continuing health care and life insurance benefits for its retired employees. The Natchitoches Tax Commission's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Tax Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Tax Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>7</u>
Total	<u>10</u>

Total OPEB Liability

The Tax Commission's total OPEB liability of \$618,172 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Prior Discount rate	2.21%
Discount rate	2.16% annually
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

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The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2021.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ <u>587,729</u>
Changes for the year:	
Service cost	\$ 20,126
Interest	13,211
Differences between expected and actual experience	709
Changes in assumptions	4,184
Benefit payments and net transfers	<u>(7,787)</u>
Net changes	\$ <u>30,443</u>
Balance at June 30, 2021	\$ <u>618,172</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Tax Commission, as well as what the Tax Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1.0% Decrease <u>(1.16%)</u>	Current Trend <u>(2.16%)</u>	1.0% Increase <u>(3.16%)</u>
Total OPEB Liability	\$ <u>716,850</u>	\$ <u>618,172</u>	\$ <u>538,112</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Tax Commission, as well as what the Tax Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease <u>(4.5%)</u>	Current Trend <u>(5.5%)</u>	1.0% Increase <u>(6.5%)</u>
Total OPEB Liability	\$ <u>539,897</u>	\$ <u>618,172</u>	\$ <u>712,691</u>

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Tax Commission recognized OPEB expense of \$17,816. At June 30, 2021, the Tax Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,408	\$(132,326)
Changes in assumptions	<u>113,564</u>	<u>(18,609)</u>
Total	<u>\$161,972</u>	<u>\$(150,935)</u>

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

Years ending June 30:

2022	\$(15,521)
2023	(15,521)
2024	6,710
2025	6,710
2026	5,732
Thereafter	<u>22,927</u>

8. Litigation:

Management has advised that the Tax Commission is not involved in any legal action which would have a negative impact on the Tax Commission.

9. Ad Valorem Taxes/Parcel Fees:

The Natchitoches Tax Commission collects ad valorem taxes levied by the City of Natchitoches and parcel fees levied by Fire Districts #1, #5 and #6. Ad valorem taxes and parcel fees, which are levied in October and billed in November, attach as an enforceable lien on property as of January 1 of each year. Ad valorem taxes and parcel fees that have been billed become delinquent on January 1 of the following year and penalties and interest are assessed. The Tax Commission bills and collects the ad valorem taxes using the assessed values determined by the Tax Assessor of Natchitoches Parish. Parcel fees are assessed at \$25 per lot on which a structure is located.

10. 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 tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending outcome of the suit. If the taxpayer prevails, the Tax Collector shall refund the amount due with interest from the date the funds were received by the Tax Collector. There was \$245,628 in ad valorem taxes paid under protest at June 30, 2021.

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11. Subsequent Events:

Management has evaluated events through September 1, 2021, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

12. Contingencies:

On January 30, 2021, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2021, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Natchitoches Tax Commission operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Tax Commission anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Natchitoches Tax Commission
Major Fund
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 486,026	\$ 475,948	\$ 486,775	\$ 10,827
Charges for Services	145,000	160,000	170,783	10,783
Interest Income	600	600	312	(288)
Total Revenues	<u>\$ 631,626</u>	<u>\$ 636,548</u>	<u>\$ 657,870</u>	<u>\$ 21,322</u>
Expenditures:				
Current-				
General Government-				
Personnel Services	\$ 459,526	\$ 464,526	\$ 463,540	\$ 986
Travel	7,000	-	214	(214)
Operating Services	110,800	110,800	98,646	12,154
Supplies	27,700	27,700	20,310	7,390
Professional Services	36,500	60,200	59,241	959
Total Expenditures	<u>\$ 641,526</u>	<u>\$ 663,226</u>	<u>\$ 641,951</u>	<u>\$ 21,275</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (9,900)</u>	<u>\$ (26,678)</u>	<u>\$ 15,919</u>	<u>\$ 42,597</u>
Other Financing Sources (Uses):				
Gain on Investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,507</u>	<u>\$ 2,507</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (9,900)</u>	<u>\$ (26,678)</u>	<u>\$ 18,426</u>	<u>\$ 45,104</u>
Fund Balance - Beginning of Year	<u>859,486</u>	<u>859,486</u>	<u>859,486</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 849,586</u>	<u>\$ 832,808</u>	<u>\$ 877,912</u>	<u>\$ 45,104</u>

See independent auditors' report and notes to the financial statements.

Natchitoches Tax Commission
 Schedule of Employer's Share of Net Pension Liability
 For the Year Ended June 30, 2021

<u>Fiscal Year*</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
2015	0.044124%	\$ 12,064	\$ 240,078	5.03%	99.15%
2016	0.042409%	\$ 111,633	\$ 265,933	41.98%	99.23%
2017	0.045483%	\$ 93,673	\$ 271,718	34.47%	94.15%
2018	0.044683%	\$ (33,166)	\$ 282,630	-11.73%	101.98%
2019	0.047490%	\$ 210,778	\$ 291,436	73.32%	88.86%
2020	0.044971%	\$ 2,117	\$ 291,541	0.73%	99.89%
2021	0.045078%	\$ (79,040)	\$ 307,749	-25.68%	104.00%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Natchitoches Tax Commission
 Schedule of Employer Contributions
 For the Year Ended June 30, 2021

<u>Fiscal Year*</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$ 36,769	\$ 36,769	\$ -	\$ 240,078	15.32%
2016	\$ 36,573	\$ 36,573	\$ -	\$ 265,933	13.75%
2017	\$ 34,651	\$ 34,561	\$ -	\$ 271,718	12.75%
2018	\$ 33,908	\$ 33,908	\$ -	\$ 282,630	12.00%
2019	\$ 33,515	\$ 33,515	\$ -	\$ 291,436	11.50%
2020	\$ 34,777	\$ 3,477	\$ -	\$ 291,541	11.93%
2021	\$ 37,699	\$ 37,699	\$ -	\$ 307,749	12.25%

*Amounts presented were determined as of the end of the fiscal year.

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Natchitoches Tax Commission
 Schedule of Changes in Net OPEB Liability and Related Ratios
 For the Year Ended June 30, 2021

	2021	2020	2019
Total OPEB Liability			
Service Cost	\$ 20,126	\$ 17,932	\$ 11,303
Interest	13,211	22,828	22,605
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	709	(264,653)	18,256
Changes of Assumptions	4,184	175,727	29,805
Benefit Payments	<u>(7,787)</u>	<u>(7,381)</u>	<u>(17,143)</u>
Net Change in Total OPEB Liability	\$ 30,443	\$ (55,547)	\$ 64,826
 Total OPEB Liability - Beginning	 <u>587,729</u>	 <u>643,276</u>	 <u>578,450</u>
 Total OPEB Liability - Ending	 <u>\$ 618,172</u>	 <u>\$ 587,729</u>	 <u>\$ 643,276</u>
 Covered-employee Payroll	 <u>\$ 320,820</u>	 <u>\$ 311,476</u>	 <u>\$ 302,268</u>
 Net OPEB Liability as a percentage of covered employee payroll	 192.68%	 188.69%	 212.82%

Notes to Schedule:

<i>Benefit Change</i>	None	None	None
<i>Changes of Assumptions:</i>			
Discount Rate	2.16%	2.21%	3.50%
Mortality	RP-2014	RP-2014	RP-2000
Trend	Variable	Variable	5.5%

Natchitoches Tax Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2021

Agency Head Name: Jerry McWherter, Tax Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,362
Benefits-Insurance	11,361
Benefits-Retirement	9,966
Special Meals	145
Office Expense Reimbursement	2,529
Registration Fees	290
Travel	58
Professional Dues	<u>200</u>
Total	<u>\$ 105,911</u>

OTHER REPORTS

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

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

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Natchitoches Tax Commission
P. O. Box 639
Natchitoches, LA 71457

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund and fiduciary fund as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Natchitoches Tax Commission's (Commission) basic financial statements and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Tax Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Tax Commission'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 identify any deficiencies in internal control over financial reporting 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 Tax 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's

September 1, 2021
Natchitoches, Louisiana

Natchitoches Tax Commission
Schedule of Audit Results
Year Ended June 30, 2021

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Tax Commission as of and for the year ended June 30, 2021.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

III. PRIOR YEAR AUDIT FINDINGS

None noted.