

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

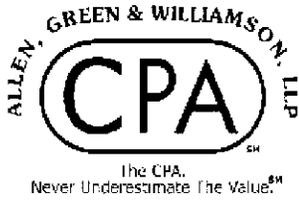
**Annual Financial Report
For the Year Ended June 30, 2017**

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

**Annual Financial Report
As of and for the Year Ended June 30, 2017**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Member: American Institute of Certified Public Accountants, Society of Louisiana Certified Public Accountants,
American Institute of Certified Public Accountants Division for CPA Firms,
Government Audit Quality Center

Equal Opportunity Employer

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Sales and Use Tax Commission, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Post Employment Benefits and the Schedule of Employer Contributions for Other Post Employment Benefit Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2018 on our consideration of the DeSoto Parish Sales and Use Tax Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Desoto Parish Sales and Use Tax Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 28, 2018

REQUIRED SUPPLEMENTARY INFORMATION:

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

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

Our discussion and analysis of the DeSoto Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2017.

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

The assets of the DeSoto Parish Sales and Use Tax Commission exceeded its liabilities at the close of the most recent fiscal year by \$103,475 (net position). This is a decrease of \$28,784 from the \$132,259 reported at June 30, 2016.

As of the close of the current fiscal year, the unrestricted net position of the Commission was a deficit of \$149,772 or (23%) of total operating expenses for the fiscal year.

The Commission's revenue received from charges for services for the year ended June 30, 2017 was \$608,544, this is an increase of \$13,303 from the revenue received from charges for services of \$595,241 in 2016. This was mainly due to an increase in our total collections.

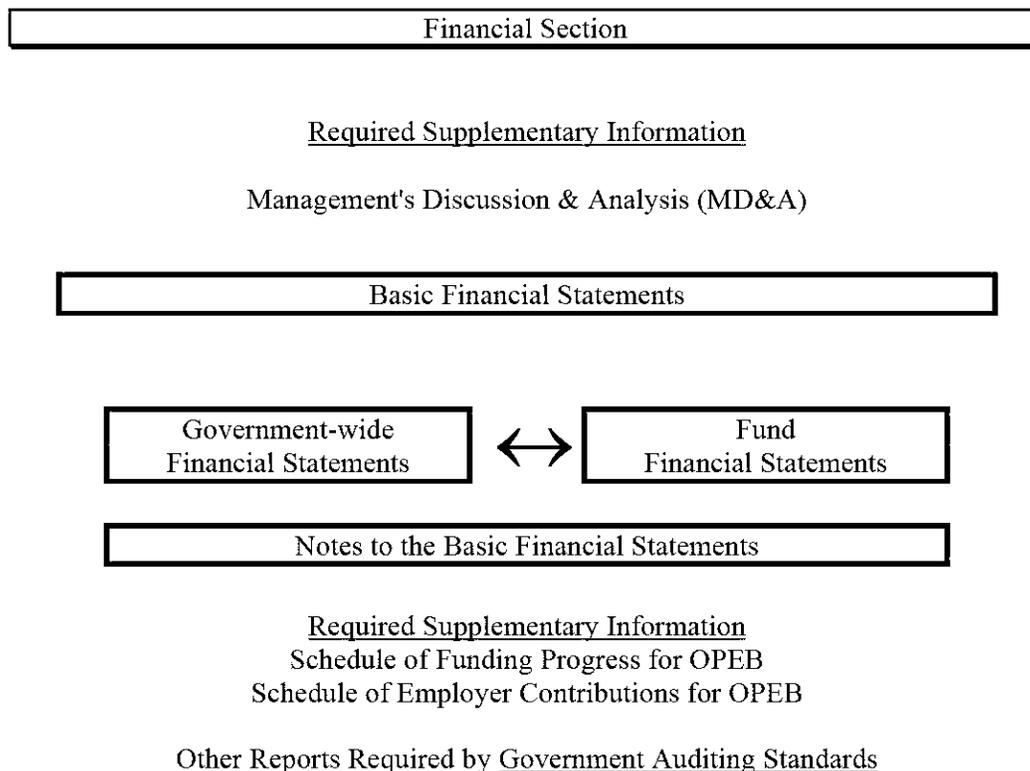
The Commission's total expenses for the year ended June 30, 2017 was \$637,363, this is a decrease of \$27,255 from the expenses of \$664,618 in 2016. This decrease of expenses was mainly due to a decrease in our legal expenses and the purchase of capital items.

USING THIS ANNUAL REPORT

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

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

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



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

Reporting the Commission as a Whole

Our analysis of the DeSoto Parish Sales and Use Tax Commission as a whole begins with the government-wide financial statements. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Commission's financial statements, report information about the Commission as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, liabilities, and deferred outflow/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

These two statements report the Commission's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the DeSoto Parish Sales and Use Tax Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position as reported in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Commission's operating results. However, the Commission's goal is to increase sales tax collections and decrease operating expense.

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

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

Reporting the Commission's Most Significant Funds

Fund Financial Statements

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

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).

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

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

THE COMMISSION AS A WHOLE

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

Table 1
Net Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
ASSETS			
Other assets	\$ 73,396	\$ 51,593	\$ 21,803
Capital assets (net of accumulated depreciation)	<u>253,247</u>	<u>265,797</u>	<u>(12,550)</u>
Total Assets	<u>326,643</u>	<u>317,390</u>	<u>9,253</u>
LIABILITIES			
Long-term liabilities	<u>223,168</u>	<u>185,131</u>	<u>38,037</u>
Total Liabilities	<u>223,168</u>	<u>185,131</u>	<u>38,037</u>
NET POSITION			
Net investment in capital assets	253,247	265,797	(12,550)
Unrestricted	<u>(149,772)</u>	<u>(133,538)</u>	<u>(16,234)</u>
Total Net Position	<u>\$ 103,475</u>	<u>\$ 132,259</u>	<u>\$ (28,784)</u>

Net position of the Commission's governmental activities for June 30, 2017 was \$103,475. Unrestricted net position that is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was a deficit of \$149,772.

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

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

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Program revenues:			
Fees, charges, and commissions for services	\$ 608,544	\$ 595,241	\$ 13,303
General revenues - Interest earned	<u>35</u>	<u>38</u>	<u>(3)</u>
Total Revenues	608,579	595,279	13,300
Sales tax collections:			
Personnel services and related benefits	516,468	522,140	(5,672)
Operating services	91,090	111,853	(20,763)
Materials and supplies	7,538	6,472	1,066
Travel	9,204	10,379	(1,175)
Depreciation expense	<u>13,063</u>	<u>13,774</u>	<u>(711)</u>
Total Program Expenses	<u>637,363</u>	<u>664,618</u>	<u>(27,255)</u>
Change in Net Position	(28,784)	(69,339)	40,555
Net Position - Beginning of year	<u>132,259</u>	<u>201,598</u>	<u>(69,339)</u>
Net Position - End of year	<u>\$ 103,475</u>	<u>\$ 132,259</u>	<u>\$ (28,784)</u>

Governmental Activities

The cost of all governmental activities this year was \$637,363. The decrease of \$27,255 is due mainly to reduced legal fees and the purchase of capital items.

THE DESOTO PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the DeSoto Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$73,396, which increased \$21,803 from prior year. Collection fees increased \$13,303 due to an increase in our total tax collections.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgeted revenues by \$19,688. This positive variance was due to an increase in our total tax collections.

Budgeted expenditures exceeded actual expenditures by \$12,624. This positive variance was due to a decrease in our operating, materials and capital item expenses.

The final budgeted revenues increased \$2,929 from the original budgeted revenues and final budgeted expenditures increased \$13,458 from the original budgeted expenditures due to an increase in our total tax collections.

DeSoto Parish Sales and Use Tax Commission
Management's Discussion and Analysis
June 30, 2017

CAPITAL ASSET

At June 30, 2017, the Commission had \$253,247 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$12,550 or 5%, from last year.

Capital Assets at Year-end

	2017	2016	Variance
Building	\$389,607	\$389,607	\$ -
Equipment and furniture	117,420	117,506	(86)
Total	507,027	507,113	(86)
Less Accumulated Depreciation	253,780	241,316	12,464
Net Capital Assets	\$253,247	\$265,797	\$(12,550)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our elected and appointed officials and citizens consider many factors when setting the DeSoto Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 99% of our total revenues are from collection fees charged to collect the tax. We have budgeted no significant changes in revenue and expenditures for the year ending June 30, 2018.

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

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

DESOTO PARISH SALES & USE TAX COMMISSION

STATEMENT OF NET POSITION
June 30, 2017

Statement A

GOVERNMENTAL
ACTIVITIES

ASSETS	
Cash	\$ 72,371
Prepaid expenses	1,025
Capital assets, net of accumulated depreciation	<u>253,247</u>
TOTAL ASSETS	<u>326,643</u>
LIABILITIES	
Long-term liabilities:	
Due within one year	17,000
Due within more than one year	<u>206,168</u>
TOTAL LIABILITIES	<u>223,168</u>
NET POSITION	
Net investment in capital assets	253,247
Unrestricted	<u>(149,772)</u>
TOTAL NET POSITION	<u>\$ 103,475</u>

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

DESOTO PARISH SALES & USE TAX COMMISSION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Statement B

GOVERNMENTAL
ACTIVITIES

EXPENSES	
Sales Tax Collections:	
Personnel services and related benefits	\$ 516,468
Operating services	91,090
Materials and supplies	7,538
Travel expense	9,204
Depreciation	13,063
	<hr/>
TOTAL PROGRAM EXPENSES	637,363
	<hr/>
PROGRAM REVENUES	
Charges for services	608,544
	<hr/>
NET PROGRAM EXPENSE	(28,819)
	<hr/>
GENERAL REVENUES	
Interest earned	35
	<hr/>
TOTAL GENERAL REVENUES	35
	<hr/>
INCREASE (DECREASE) IN NET POSITION	(28,784)
	<hr/>
NET POSITION - BEGINNING OF YEAR	132,259
	<hr/>
NET POSITION - END OF YEAR	\$ 103,475
	<hr/> <hr/>

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

FUND FINANCIAL STATEMENTS

DESOTO PARISH SALES & USE TAX COMMISSION

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

Statement C

ASSETS	
Cash	\$ 72,371
Prepaid expenses	1,025
	<hr/>
TOTAL ASSETS	73,396
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	-
	<hr/>
Total Liabilities	-
	<hr/>
Fund balances:	
Non-spendable	1,025
Committed	48,779
Unassigned	23,592
	<hr/>
Total Fund Balances	73,396
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 73,396
	<hr/> <hr/>

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

DESOTO PARISH SALES & USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017**

Statement D

Total fund balances - governmental funds \$ 73,396

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

Costs of capital assets	\$ 507,027	
Accumulated depreciation	<u>(253,780)</u>	253,247

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

Balances at June 30, 2017 are:

OPEB liability		(195,818)
Compensated absences payable		<u>(27,350)</u>

Net position of governmental activities \$ 103,475

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

DESOTO PARISH SALES & USE TAX COMMISSION

GOVERNMENTAL FUNDS
 Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 For the Year Ended June 30, 2017

Statement E

REVENUES	
Local sources:	
Collection fees	\$ 608,544
Interest earned	35
	<hr/>
TOTAL REVENUES	608,579
	<hr/>
EXPENDITURES	
Current:	
Sales tax collections:	
Personnel services and related benefits	478,431
Operating services	91,090
Materials and supplies	7,538
Travel expense	9,204
Capital outlay	513
	<hr/>
TOTAL EXPENDITURES	586,776
	<hr/>
Net Change in Fund Balances	21,803
FUND BALANCE - BEGINNING OF YEAR	51,593
	<hr/>
FUND BALANCE - END OF YEAR	\$ 73,396
	<hr/> <hr/>

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

DESOTO PARISH SALES & USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017**

Statement F

Net change in fund balances - governmental funds \$ 21,803

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 513	
Depreciation	(13,063)	(12,550)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation time earned (\$17,529) exceeded the amounts used (\$16,904) by \$625. (625)

The increase in OPEB liability is reported in the Statement of Activities and not reported as expenditures in governmental funds. (37,412)

Change in net position of governmental activities \$ (28,784)

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

DESOTO PARISH SALES & USE TAX COMMISSION

GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

Statement G

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local sources:				
Collection fees	\$ 585,950	\$ 588,879	\$ 608,544	\$ 19,665
Interest earned	12	12	35	23
TOTAL REVENUES	585,962	588,891	608,579	19,688
EXPENDITURES				
Current:				
Sales tax collections:				
Personnel services and related benefits	477,531	482,610	478,431	4,179
Operating services	93,531	96,040	91,090	4,950
Materials and supplies	5,400	9,250	7,538	1,712
Travel expense	7,500	9,500	9,204	296
Capital outlay	2,000	2,000	513	1,487
TOTAL EXPENDITURES	585,962	599,400	586,776	12,624
Changes in Fund Balances	-	(10,509)	21,803	32,312
BUDGETARY FUND BALANCE, BEGINNING	-	10,509	51,593	41,084
BUDGETARY FUND BALANCE, ENDING	\$ -	\$ -	\$ 73,396	\$ 73,396

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

DESOTO PARISH SALES & USE TAX COMMISSION
 FIDUCIARY FUND
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 June 30, 2017

Statement H

**AGENCY
 FUND**

ASSETS	
Cash	\$ 9,889
Sales tax receivable	4,439,551
Occupancy tax receivable	12,159
Cash restricted for refund claims	1,351,108
Cash restricted for taxes paid under protest	1,692,634
	7,505,341
Total assets	7,505,341
 LIABILITIES	
Deposits due others	4,461,599
Deposits held in escrow for refund claims	1,351,108
Taxes paid under protest from restricted assets	1,692,634
	7,505,341
Total liabilities	\$ 7,505,341

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

DeSoto Parish Sales and Use Tax Commission
Notes to the Financial Statements
June 30, 2017

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

A. REPORTING ENTITY

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

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

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

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

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

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

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

Fund Financial Statements (FFS)

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

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

Revenues

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

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

Interest income is recorded monthly as interest is earned.

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

Expenditures

Salaries are recorded as earned.

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

D. BUDGETS

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

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

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

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

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

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

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

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

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

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

Buildings	40 years
Furniture and Equipment	5-12 years

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

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

I. FUND EQUITY OF FUND FINACIAL STATEMENTS:

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

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

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

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

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

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

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

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

NOTE 2 - DEPOSITS Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission's carrying amount of deposits was \$3,126,002 and the bank balance was \$3,167,370.

These deposits are reported as follows: Statement A-cash and cash equivalents, \$72,371; Statement H- cash, \$9,889 and restricted cash, \$3,043,742. Of the bank balance, \$250,000 was collateralized with FDIC Insurance. The remaining balance of \$2,917,370 was collateralized by pledged securities. Even though the pledged securities are considered uncollateralized 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 Commission that the fiscal agent has failed to pay deposited funds upon demand.

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

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

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

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Building	\$ 389,607	\$ -	\$ -	\$ 389,607
Furniture and equipment	117,506	513	599	117,420
Total	<u>507,113</u>	<u>513</u>	<u>599</u>	<u>507,027</u>
Less accumulated depreciation:	241,316	13,063	599	253,780
Capital assets, net	<u>\$ 265,797</u>	<u>\$ (12,550)</u>	<u>\$ -</u>	<u>\$ 253,247</u>

NOTE 4 - RETIREMENT SYSTEMS All Commission employees participate in the Teachers' Retirement System of Louisiana, which is a cost-sharing, multiple-employer public employee retirement system (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Employees of the Commission are reported to the retirement system as employees of DeSoto Parish School Board; therefore, the proportionate share of the pension liability is reported by DeSoto Parish School Board. The Commission does not report a pension liability, deferred outflow, or deferred inflows. The Commission reports as an expenditure the amount that has been paid to the School Board which is the actuarially required contribution. The Teacher's Retirement System of Louisiana issues a public report that includes financial statements and required supplementary information. A copy of the report may be obtained from www.trsl.org. Pertinent information relative to the plan is as follows:

General Information about the Pension Plan

Plan Descriptions/Benefits Provided:

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

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

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

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

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

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2017, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	8%	25.5%

Total covered payroll of the Commission for TRSL - Regular Plan for the year ended June 30, 2017, amounted to \$303,720. Employer contributions to the DeSoto Parish School Board were \$77,530 which was the annual actuarial required contribution for the Commissions employees.

NOTE 5 - COMPENSATED ABSENCES At June 30, 2017, employees of the Commission have accumulated and vested \$27,350 of employee leave benefits including \$391 of salary related benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>	<u>Due within One year</u>
Governmental activities:					
Compensated Absences	\$ 26,725	\$ 17,529	\$ 16,904	\$ 27,350	\$ 17,000
OPEB Liability	158,406	52,412	15,000	195,818	-
Total	<u>\$ 185,131</u>	<u>\$ 69,941</u>	<u>\$ 31,904</u>	<u>\$ 223,168</u>	<u>\$ 17,000</u>

NOTE 7 - RISK MANAGEMENT The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and omissions claims paid policy.

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NOTE 8 - LITIGATION AND CLAIMS

Taxes Paid Under Protest At June 30, 2017, the Commission is involved in litigations regarding taxes paid under protest. These funds have been placed in an escrow account. A liability of \$1,692,634 for taxes paid under protest is included in the agency fund.

Other Claims In addition, there are refund requests where lawsuits have been filed for the recovery of taxes that were remitted without being paid under protest and distributed to the respective taxing authorities totaling \$2,508,113. Subsequent to the suits being filed, several of the larger local governments that the Commission collects sales tax for elected for the Commission to reserve a portion of taxes collected on their behalf in an escrow account for the payment of refund claims upon settlement. A liability of \$1,351,108 for settlement of refund claims is included in liabilities in the agency fund.

NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS The following is a summary of the collections and payments made to local governmental entities for sales tax collections during the year ended June 30, 2017:

BALANCE, Beginning	\$ 8,709,739
<u>Receipts:</u>	
Sales Tax Collections	31,810,482
<u>Disbursements:</u>	
DeSoto Parish School Board	18,550,765
DeSoto Parish Police Jury	7,411,102
DeSoto Parish Law Enforcement District	3,710,868
City of Mansfield	1,805,336
Town of Logansport	219,640
Village of South Mansfield	50,563
Town of Stonewall	395,103
Village of Grand Cane	65,283
Town of Keachi	39,191
Collection fees	606,516
Audit fees (sales tax vendors)	160,513
Total Disbursements	33,014,880
BALANCE, Ending	\$ 7,505,341

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NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS The following is a summary of the collections and payments made to local governmental entities for occupancy tax collections during the year ended June 30, 2017:

<u>Receipts:</u>	
Occupancy Tax Collections	<u><u>\$ 107,884</u></u>
 <u>Disbursements:</u>	
City of Mansfield	105,924
Collection Fee	1,960
Total Disbursements	<u><u>\$ 107,884</u></u>

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NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS The following are schedules of the sales tax and occupancy tax collections and disbursements on a cash basis collected on behalf of and distributed to local governmental entities for fiscal year ended June 30, 2017:

<u>SALES TAX</u>				
	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Total Distribution</u>
DeSoto Parish School Board (2.5%)				
School Board 5/1/68 (1%)	\$ 7,598,549	\$ 139,453	\$ 38,790	\$ 7,420,306
School Board 7/1/86 (.5%)	3,799,274	69,726	19,395	3,710,153
School Board 7/1/86 (.5%)	3,799,274	69,726	19,395	3,710,153
School Board 7/1/01 (.5%)	3,799,274	69,726	19,395	3,710,153
	<u>18,996,371</u>	<u>348,631</u>	<u>96,975</u>	<u>18,550,765</u>
DeSoto Parish Police Jury (1%)				
Police Jury 7/1/81 (.25%)	1,897,296	34,822	9,698	1,852,776
Police Jury 7/1/81 (.50%)	3,794,591	69,645	19,395	3,705,551
Police Jury 7/1/81 (.10%)	758,918	13,929	3,879	741,110
Police Jury 7/1/81 (.15%)	1,138,377	20,893	5,819	1,111,665
	<u>7,589,182</u>	<u>139,289</u>	<u>38,791</u>	<u>7,411,102</u>
Law Enforcement District (.5%)	3,800,003	69,739	19,396	3,710,868
City of Mansfield (1.5%)				
Mansfield 7/1/80 (1%)	1,227,675	22,823	1,234	1,203,618
Mansfield 1/1/09 (.5%)	613,745	11,410	617	601,718
	<u>1,841,420</u>	<u>34,233</u>	<u>1,851</u>	<u>1,805,336</u>
Town of Logansport (1%)	227,043	4,130	3,273	219,640
Village of South Mansfield (1%)	51,537	974	-	50,563
Town of Stonewall (1%)	402,848	7,560	185	395,103
Village of Grand Cane (1%)	66,559	1,242	34	65,283
Town of Keachi (1%)	39,917	718	8	39,191
Total	<u>\$ 33,014,880</u>	<u>\$ 606,516</u>	<u>\$ 160,513</u>	<u>\$ 32,247,851</u>
<u>OCCUPANCY TAX</u>				
	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Total Distribution</u>
City of Mansfield (3%)	<u>\$ 107,884</u>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ 105,924</u>

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NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS: The following are details of the fund balance classifications.

Non spendable:	General
Prepaid items	\$ 1,025
Committed to:	
Sick and annual leave pay	48,779
Unassigned	23,592
Total	\$ 73,396

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

NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB) The Desoto Parish Sales and Use Tax Commission has elected to provide post retirement benefits to its employees. Employees of the Commission are included in the health insurance benefit plan of the DeSoto Parish School Board. The School Board does have a trust established for their OPEB plan.

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

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

Years of Employment	Medical		Dental		Vision	
	% Paid by Retiree	% Paid by School Board	% Paid by Retiree	% Paid by School Board	% Paid by Retiree	% Paid by School Board
Less than 10	80	20	80	20	100	0
10 to 14.99	60	40	75	25	100	0
15 to 19.99	40	60	50	50	100	0
20 or more	15	85	25	75	0	100

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

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

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

The plan is currently financed on a “pay as you go basis”, with the Commission contributing \$15,000 for the year ended June 30, 2017. There were no retired employees as of June 30, 2017.

Annual Other Post Employment Benefit Cost and Liability - The Commission’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contributions of the employer (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over the average remaining life expectancy of the plan’s participants. The ARC is determined using the entry age normal cost method. A level dollar, open amortization period of 30 years has been used. The total ARC for fiscal year 2017 is \$55,236 as set forth below:

Normal Cost	\$ 37,708
30-year UAL amortization amount	17,528
Annual required contribution (ARC)	\$ 55,236

The following table presents the Commission’s OPEB Obligation for fiscal year 2017:

	2017	2016	2015
Beginning Net OPEB Obligation July 1	\$ 158,406	\$ 113,013	\$ 84,365
Annual required contribution	55,236	59,969	44,657
Interest on prior year Net OPEB Obligation	6,336	5,651	4,218
Adjustment to ARC	(9,160)	(5,227)	(5,227)
Annual OPEB Cost	52,412	60,393	43,648
Less current year retiree premiums (payment made to Trust)	15,000	15,000	15,000
Increase in Net OPEB Obligation	37,412	45,393	28,648
Ending Net OPEB Obligation at June 30	\$ 195,818	\$ 158,406	\$ 113,013

The \$15,000 payment was made to the DeSoto Parish School Board Other Post-Employment Benefits Trust. Utilizing the pay as you go method, the Commission contributed 29% of the annual post employment benefits cost during 2017, 25% during 2016, and 34% during 2015.

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Funded Status and Funding Progress - The Commission's actuarial accrued liability of \$315,231 was partially funded.

Based on the July 1, 2016 actuarial valuation, the most recent valuation, the actuarial accrued liability (AAL) at the end of the year June 30, 2017 was \$315,231.

	2017
Actuarial accrued liability (AAL)	\$ 315,231
Estimated fair value of plan assets	107,130
Unfunded actuarial accrued liability (UAAL)	\$ 208,101
Funded ratio (actuarial value of plan assets/AAL)	34.0%
Covered payroll	303,720
UAAL as a percentage of covered payroll	68.5%

The Schedule of Funding Progress and Schedule of Employer Contributions are required supplemental information and follow the notes to the financial statements. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Alternative Measurement Method and Assumptions - The projection of future benefits payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations. Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The plan covers employees and their spouses. The valuation used the closed group method. Based on the historical average retirement age for the covered group, active plan members were assumed to retire four and one-half years after satisfaction of the minimum retirement eligibility requirements. Marital status of plan members at the calculation date was expected to continue throughout retirement. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. An age related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 7.5%. All participants were eligible to receive benefits. The 2015 health insurance premiums for current employees were used as the basis for calculation of the present value of total benefits to be paid. The expected rate on increase in healthcare costs was based on Pre-Medicare and Medicare eligible graduated down from 8% to an ultimate annual rate of 5% which includes an inflation rate of 2.50% based on the OPEB valuation report. The alternative measure assumptions included a 4% rate of return on investments. The remaining amortization period at June 30, 2017 for other post employment benefits (OPEB) is twenty-four years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

DeSoto Parish Sales and Use Tax Commission

**Schedule of Funding Progress for Other Post Employment Benefits
June 30, 2017**

Fiscal Year End	Valuation Date*	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
June 30, 2015	June 30, 2015	67,885	261,317	26.0%	193,432	299,864	64.5%
June 30, 2016	June 30, 2016	87,029	358,921	24.2%	271,892	297,445	91.4%
June 30, 2017	June 30, 2017	107,130	315,231	34.0%	208,101	303,720	68.5%

* The Commission uses the alternative method; therefore the date of valuation is used.

DeSoto Parish Sales and Use Tax Commission

**Schedule of Employer Contributions
For Other Post Employment Benefit Plan
June 30, 2017**

<u>Year Ended June 30</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2015	44,657	33.59%
2016	59,969	25.01%
2017	55,236	27.16%

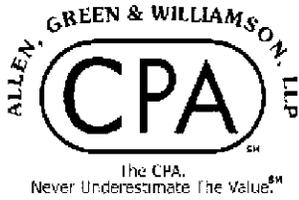
SUPPLEMENTARY INFORMATION

DeSoto Parish Sales and Use Tax Commission

**Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017**

Agency Head : Chris Robinette, Administrator

<u>Purpose</u>		<u>Amount</u>
Salary	\$	100,216
Benefits - Insurance		22,046
Benefits - Retirement		25,555
Per Diem (Cell Phone Allowance)		720
Travel		635
Registration Fees		1,100
Conference Travel		626
Conference (Hotel)		945
Conference (Special Meals)		74



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Eddi Hernandez, CPA
Jemie Henry, CPA
Ronnie Jacola, CPA
Audit Manager: Margie Williamson, CPA

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

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeSoto Parish Sales and Use Tax Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 28, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings as 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Sales and Use Tax Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as 2017-002.

DeSoto Parish Sales and Use Tax Commission's Response to Findings

The Commission's response to the findings identified in our audit are described in the accompanying Corrective Action Plan for Current Year Findings. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 28, 2018

Desoto Parish Sales and Use Tax Commission
Schedule of Findings
For the Year Ended June 30, 2017

Reference # and title: **2017-001** **Review of Bank Reconciliations**

Entity-wide or program/department specific: This finding relates to the online, clearing, escrow, and internal service bank accounts.

Criteria or specific requirement: Bank reconciliations should be reviewed by someone who is independent of the transactions in the account.

Condition found: Transactions in the online, clearing, escrow, and internal service bank accounts are initiated by the Administrator. These transactions are mainly transfers to other Commission accounts, but some checks are also issued. Checks are signed only by the Administrator. The Administrator also reconciles the bank accounts and no one reviews these reconciliations.

Context: The Commission has five bank accounts and the condition applies to four of the five accounts.

Possible asserted effect (cause and effect):

Cause: Procedures are established for the operating account, but procedures have not been established for review of these four accounts.

Effect: Transactions in these four accounts are initiated and reviewed by the same person.

Recommendation to prevent future occurrences: The bank statements and bank reconciliations for these four accounts should be reviewed by someone with accounting knowledge who is not involved in the transactions in these accounts.

Origination date and prior year reference (if applicable): This finding is first reported for fiscal year ended June 30, 2017.

View of Responsible Official: See page 51.

Reference # and title: **2017-002** **Late Submission Of Audit Report To Legislative Auditor**

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: R.S.24:513 A(5)(a)(i) requires that "... audits shall be completed within six months of the close of the entity's fiscal year."

Condition found: The Commission's audit report for fiscal year ended June 30, 2017 was not completed within six months.

Context: This finding is an isolated instance.

Possible asserted effect (cause and effect):

Cause: The Commission's auditor needed additional time to evaluate the reasonableness of the actuarial assumptions used in the valuation of the Commission's OPEB liability.

Desoto Parish Sales and Use Tax Commission
Schedule of Findings
For the Year Ended June 30, 2017

Effect: The auditor was unable to submit the Commission's report within the six month deadline.

Recommendation to prevent future occurrences: The OPEB study should be requested at the beginning of the fiscal year in years that a study is required.

Origination date and prior year reference (if applicable): This finding is first reported for fiscal year ended June 30, 2017.

View of Responsible Official: See page 51.

Desoto Parish Sales and Use Tax Commission
Status of Prior Year Audit Finding
For the Year Ended June 30, 2017

Reference # and title: 2016-001 Controls Over Refund Checks

Year of Origination: June 30, 2016.

Entity-wide or program/department specific: This finding is entity-wide.

Condition found: In May of 2015 the Commission overcharged multiple vendor accounts for duplicate monthly sales tax collections in error. The Commission transferred the money that was inadvertently collected into a clearing account and issued refund checks to the vendors. When testing the year end cash balance for the clearing account there were 23 checks totaling \$72,272 that remained outstanding. Through further investigation it was determined that procedures were not implemented to investigate the outstanding refund checks that had not cleared the bank, therefore no action had been taken.

Corrective action taken: See management's corrective action on page 49. This finding is considered cleared.



DESOTO PARISH SALES AND USE TAX COMMISSION



Chris W. Robinette, CTA
Administrator

DeSoto Sales Tax
Corrective Action Plan
November 16, 2017
FYE 6/30/17

1. **REFERENCE # AND TITLE: 2016-001 CONTROLS OVER REFUND CHECKS**

Corrective Action:

The Secretary contacted each of the 23 taxpayers that did not respond to, or deposit their initial refund checks in the total amount of \$72,271.80. They were given the choice of our office re-issuing a refund check or issuing a credit memo.

This action resulted in re-issuing refund checks to 14 of the taxpayers in the total amount of \$70,632.66 and those checks have cleared the bank. Of the remaining 9 taxpayers, 7 were issued credit memos in the total amount of \$1,636.91 and it was determined to take no action for 2 of the taxpayers due to the total amount of \$2.23 being insignificant.

Anticipated Completion Date:

The above corrective actions were completed on May 6, 2017.

Desoto Parish Sales and Use Tax Commission
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2017

Reference # and title: **2017-001** **Review of Bank Reconciliations**

Entity-wide or program/department specific: This finding relates to the online, clearing, escrow, and internal service bank accounts.

Criteria or specific requirement: Bank reconciliations should be reviewed by someone who is independent of the transactions in the account.

Condition: Transactions in the online, clearing, escrow, and internal service bank accounts are initiated by the Administrator. These transactions are mainly transfers to other Commission accounts, but some checks are also issued. Checks are signed only by the Administrator. The Administrator also reconciles the bank accounts and no one reviews these reconciliations.

Corrective action planned: See management’s corrective action on page 51.

Person responsible for corrective action:

Chris Robinette, Administrator	Telephone	318-8723343
P O Box 907	Fax	318-872-5995
Mansfield, LA 71052		

Anticipated completion date: June 30, 2018.

Reference # and title: **2017-002** **Late Submission Of Audit Report To Legislative Auditor**

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: R.S.24:513 A(5)(a)(i) requires that “... audits shall be completed within six months of the close of the entity’s fiscal year.

Condition: The Commission’s audit report for fiscal year ended June 30, 2017 was not completed within six months.

Corrective action planned: See management’s corrective action on page 51.

Person responsible for corrective action:

Chris Robinette, Administrator	Telephone	318-8723343
P O Box 907	Fax	318-872-5995
Mansfield, LA 71052		

Anticipated completion date: June 30, 2018.



DESOTO PARISH SALES AND USE TAX COMMISSION



Chris W. Robinette, CTA
Administrator

Findings Response March 26, 2018

1. **Reference # and Title:** 2017-001 **Review of Bank Reconciliations**

View of Responsible Official:

Upon reviewing this issue, we agree that the bank statements and bank reconciliations of these four accounts should also be reviewed by an individual who is not involved with the transactions of these accounts.

Corrective action planned:

Once the bank reconciliations are completed each month by the Administrator, they will be forwarded to an Auditor within the Commission to be reviewed and initialed.

2. **Reference # and Title:** 2017-002 **Late Submission of Audit Report to Legislative Auditor**

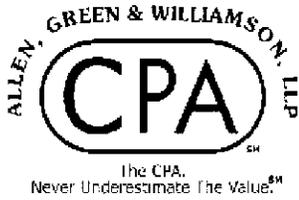
Corrective action planned:

This finding was beyond the control of the Commission and could not be avoided due to audit questions related to the OPEB valuation that we contracted with an actuarial firm to perform. The questions were not answered in a timely manner, therefore, our audit had to be extended.

As in all previous years, the DeSoto Parish Sales and Use Tax Commission will do everything within our control to prevent future late submissions.

Chris W. Robinette
Administrator

AGREED UPON PROCEDURES



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Audit Manager: Margie Williamson, CPA

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of DeSoto Parish Sales and Use Tax Commission (Commission), Mansfield, Louisiana, and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period July 1, 2016 through June 30, 2017. The Commission's management is responsible for the control and compliance areas identified in these Statewide Agreed-Upon Procedures. This agreed-upon procedures engagement was performed 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 the reports. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

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Government Audit Quality Center
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- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Comment: When reviewing the applicable written policies and procedures for the required elements, the following exceptions were noted:

- ***Contracting*** – No written policies or procedures were provided.
- ***Credit Cards*** – No written policies or procedures were provided.

Management's Response:

- ***Contracting*** When the Commission was formed in 1991, all policies applicable to the Commission were written and approved by the Board. Over the years, some policies have been revised and some new ones have been added in accordance with the Commission's Policy Number A-1300.

Although the Commission has rarely, if ever, entered into any type of contract, our current Purchasing Policy, Policy Number C-900, will be revised to include types of services requiring written contracts, standard terms and conditions, the approval process, monitoring process and a legal review.

- ***Credit Cards*** Upon reviewing the credit card issue, it was determined the Commission has only one card which is seldom used. The Commission will revise the Purchasing Policy, referenced above, to include how the card is controlled, its allowable use, documentation required, approved users, and the card usage.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Comment: The Commission has five bank accounts and all five accounts were tested. For all accounts, the person reviewing the bank reconciliation was involved in the transactions of the account. For one of the bank accounts there were checks outstanding for more than six months with no documentation that outstanding checks were researched. These outstanding checks were noted for the July 2016 bank statement through the April 2017 bank statement.

Management's Response: We agree that the bank statements and bank reconciliations of these four accounts should be reviewed by an individual who is not involved with the transactions of these accounts. Once the bank reconciliations are completed each month by the Administrator, they will be forwarded to an Auditor within the Commission to be reviewed and initialed.

In regard to the outstanding checks issue, which occurred during the 2015-16 fiscal year, the procedure we implemented resolved the matter as of May 2017, as we stated in our Corrective Action Plan dated November 16, 2017.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections

to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation

(electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

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

Comment: One exception noted, due to the bookkeeper being able to process checks and make vendor changes and additions.

Management's Response: Due to the small nature and staff of our office, our accounting system is installed on one computer that is operated and maintained by the Bookkeeper. However, we have separated our duties as much as possible by having the bank statement and bank reconciliation from the operating account on the system, reviewed by the Administrator and all checks issued by the system are signed by the Administrator and a Board Member.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public

Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

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

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Comment: During the testing of employee leave and attendance information, it was noted that only leave information was being tracked. No attendance information is kept.

Management's Response: The Commission will prepare a procedure and the necessary forms to keep daily attendance information on file, to be reviewed and initialed by the Administrator each month.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Comment: This is not applicable to the Commission.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance area 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 control and compliance area identified in the SAUPs and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 28, 2018