

**Webster Parish Sales and Use Tax
Commission**
Minden, Louisiana

Annual Financial Report

December 31, 2017

Webster Parish Sales and Use Tax Commission
Minden, Louisiana

Annual Financial Report
As of and for the Year Ended December 31, 2017

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Webster Parish Sales and Use Tax Commission
Minden, Louisiana

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WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board Members of the
Webster Parish Sales and Use Tax Commission
Minden, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Webster Parish Sales and Use Tax Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 Commission'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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 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 Management's Discussion and Analysis, Schedule of Funding Progress for Other Post-Employment Benefits, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions on pages 5-10 and 49-51 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 Webster Parish Sales and Use Tax Commission's basic financial statements. The accompanying supplementary information and the other information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and related 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 supplementary information 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 June 14, 2018 on our consideration of the Webster 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 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.

Wise Martin & Cole, LLC

Minden, Louisiana
June 14, 2018

REQUIRED SUPPLEMENTARY INFORMATION
(PART I)

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

Our discussion and analysis of the Webster Parish Sales and Use Tax Commission's (the Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The Commission's net position decreased by \$24,089.
- As of the close of the current fiscal year, the unrestricted net position of the Commission was \$89,248 or 20% of total program expenses for the fiscal year.
- The Commission's program revenues for the year ended December 31, 2017 was \$415,508, an increase of \$31,985 over last year. Overall, sales tax collections in 2017 were higher than last year by \$2,270,090.

USING THIS ANNUAL REPORT

The Commission's annual report consists of a series of financial statements that show information for the 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.

Our auditor has provided assurance in the Independent Auditors' 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, the supplementary information, and other information. A user of this report should read the Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Webster Parish Sales and Use Tax Commission as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the 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 Webster Parish Sales and Use Tax 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 Webster Parish Sales and Use Tax as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets,

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

liabilities and deferred inflows/outflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position - the difference between assets, liabilities, and deferred inflows/outflows as reported in the Statement of Net Position - as one way to measure the 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 Webster Parish Sales and Use Tax Commission's Most Significant Funds

Fund Financial Statements

The Commission report 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 Commission as Trustee

The Commission is the trustee, or fiduciary, for the collections of sales tax and occupational license fees. The Commission's fiduciary activities are reported on a separate Statement of Fiduciary Assets and Liabilities on page 20. 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 are reported in these funds are used for their intended purpose.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

THE WEBSTER PARISH SALES AND USE TAX 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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 667,653	\$ 809,537	\$ (141,884)
Capital assets, net of depreciation	<u>35,676</u>	<u>40,120</u>	<u>(4,444)</u>
Total assets	<u>703,329</u>	<u>849,657</u>	<u>(146,328)</u>
Deferred outflows	<u>46,536</u>	<u>78,668</u>	<u>(32,132)</u>
Current liabilities	28,199	150,645	(122,446)
Long-term liabilities	<u>566,863</u>	<u>617,519</u>	<u>(50,656)</u>
Total liabilities	<u>595,062</u>	<u>768,164</u>	<u>(173,102)</u>
Deferred inflows	<u>29,879</u>	<u>11,148</u>	<u>18,731</u>
Net Position			
Net investment in capital assets	35,676	40,120	(4,444)
Unrestricted	<u>89,248</u>	<u>108,893</u>	<u>(19,645)</u>
Total net position	<u>\$ 124,924</u>	<u>\$ 149,013</u>	<u>\$ (24,089)</u>

Net position of the Commission's governmental activities for December 31, 2017 was \$124,924. 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 \$89,248.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 415,508	\$ 381,686	\$ 33,822
Operating grants/contributions	1,890	1,837	53
General revenues			
Interest earned	3,821	2,670	1,151
Other revenue	<u>-</u>	<u>1,481</u>	<u>(1,481)</u>
Total revenues	<u>421,219</u>	<u>387,674</u>	<u>33,545</u>
Expenses:			
Program expenses			
Office expense	76,108	68,493	7,615
Personnel services	309,283	304,392	4,891
Insurance expense	3,693	3,576	117
Legal and audit expense	36,810	20,448	16,362
Travel expense	3,712	4,799	(1,087)
Utilities	6,685	7,052	(367)
Maintenance and repairs	2,048	2,316	(268)
Other expense	-	1,692	(1,692)
Depreciation	<u>6,969</u>	<u>4,104</u>	<u>2,865</u>
Total program expenses	<u>445,308</u>	<u>416,872</u>	<u>28,436</u>
Change in net position	(24,089)	(29,198)	5,109
Net position, beginning, as originally stated	149,013	184,679	(35,666)
Prior period adjustment	<u>-</u>	<u>(6,468)</u>	<u>6,468</u>
Net position, beginning, as restated	<u>149,013</u>	<u>178,211</u>	<u>(29,198)</u>
Net position, ending	<u>\$ 124,924</u>	<u>\$ 149,013</u>	<u>\$ (24,089)</u>

Governmental Activities

This year's revenues increased by approximately 8% over last year, due to an increase in collections of sales tax.

The cost of all governmental activities this year was approximately \$445,000, which was about \$22,000 higher than last year's program expenses of \$417,000 plus additional OPEB expense as restated of \$6,000. The largest increases occurred in legal expenses related to collection enforcement occurring during the year, office expenses which reported more expense from software maintenance, and health insurance expense.

THE WEBSTER PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds reported a fund balance of \$639,454; this is a decrease of \$19,438 over the 2016 fund balance of \$658,892.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

Total revenues received for the year ended December 31, 2017 was approximately \$419,000, which was \$33,000 higher than last year's revenues.

Total expenditures for the year ended December 31, 2017 were comparable to prior year's expenditures. Last year's expenditures included higher capital outlay costs from the purchase of new software, while this year, capital outlay was a lot less, with increased expenditures for personnel costs making up for the decrease in capital outlay. Personnel costs of salaries, insurance and retirement expenditures were \$15,000 higher this year. While salaries and retirement increased by approximately 2.3%, health insurance expenditures increased by 36% with the addition of one employee to the group plan who was not covered for all of last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commission made one amendment to the original 2017 budget. The amendments to the budget increased the proposed expenditures for office, personnel services, legal and audit fees and while decreasing budgeted expenditures for maintenance and repairs, utilities and travel.

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2017, the Commission had \$35,676 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$4,444, or 12%, over last year.

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Equipment	\$ 152,445	\$ 149,920	\$ 2,525
Furniture and fixtures	<u>19,309</u>	<u>19,309</u>	-
Total	<u>171,754</u>	<u>169,229</u>	<u>2,525</u>
Less accumulated depreciation	<u>136,078</u>	<u>129,109</u>	<u>6,969</u>
Net capital assets	\$ <u>35,676</u>	\$ <u>40,120</u>	\$ <u>(4,444)</u>

DEBT

The Commission has been able to operate without obtaining debt. However due to the implementation of GASB Statement 45 and 68, the Commission does recognize long-term obligations. See Notes 4, 9 and 10 for further details on the long-term obligations of the Commission.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Our elected and appointed officials and citizens consider many factors when setting the Webster Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. Sales tax collection fees make up the majority of our total revenues. We have budgeted little change in revenue and expenditures for the year ending December 31, 2018.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2017

CONTACTING THE SALES AND USE TAX COMMISSION'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Commission's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Cyndy Herrington, Administrator, P.O. Box 357, Minden, LA 71058-0357 or call (318) 377-8948.

GOVERNMENT-WIDE FINANCAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Net Position
December 31, 2017

ASSETS	Governmental Activities
Cash	\$ 397,815
Investments	264,126
Accounts receivable	564
Prepaid assets	5,148
Capital assets (net)	<u>35,676</u>
TOTAL ASSETS	<u>703,329</u>
DEFERRED OUTFLOWS	
Deferred outflows on pension	<u>46,536</u>
LIABILITIES	
Liabilities:	
Accounts payable	15,291
Unearned revenue	12,908
Long term liabilities	
Due within one year	25,185
Due in more than one year	<u>541,678</u>
TOTAL LIABILITIES	<u>595,062</u>
DEFERRED INFLOWS	
Deferred inflows on pension	<u>29,879</u>
NET POSITION	
Invested in capital assets, net of related debt	35,676
Unrestricted	<u>89,248</u>
TOTAL NET POSITION	<u>\$ 124,924</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Activities
For the Year Ended December 31, 2017

EXPENSES	<u>Governmental Activities</u>
Office expense	\$ 76,108
Personnel services	309,283
Insurance expense	3,693
Legal and audit expense	36,810
Travel expense	3,712
Utilities	6,685
Maintenance and repairs	2,048
Depreciation	<u>6,969</u>
 TOTAL PROGRAM EXPENSES	 <u>445,308</u>
 PROGRAM REVENUES	
Charges for services	415,508
Operating grant and contributions	<u>1,890</u>
TOTAL PROGRAM REVENUES	<u>417,398</u>
 NET PROGRAM REVENUE	 (27,910)
 GENERAL REVENUES	
Interest	<u>3,821</u>
TOTAL GENERAL REVENUES	<u>3,821</u>
 INCREASE IN NET POSITION	 (24,089)
 NET POSITION - BEGINNING AS ORIGINALLY STATED	 155,481
PRIOR PERIOD ADJUSTMENT	<u>(6,468)</u>
NET POSITION - BEGINNING RESTATED	<u>149,013</u>
 NET POSITION - END OF YEAR	 <u>\$ 124,924</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

Balance Sheet - Governmental Fund
December 31, 2017

	General Fund
ASSETS	
Cash	\$ 397,815
Investments	264,126
Receivables	564
Prepaid items	<u>5,148</u>
 TOTAL ASSETS	 <u>\$ 667,653</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 15,291
Unearned revenue	<u>12,908</u>
 TOTAL LIABILITIES	 <u>28,199</u>
Fund balance:	
Nonspendable - prepaid items	5,148
Unassigned	<u>634,306</u>
 TOTAL FUND BALANCE	 <u>639,454</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 667,653</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2017

Fund Balance, Total Governmental Fund (Statement C) \$ 639,454

The cost of capital assets (furniture and equipment) purchased 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 program 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	\$ 171,754	
Depreciation expense to date	<u>(136,078)</u>	35,676

Deferred outflows/inflows related to pensions are not due and payable in the current period and accordingly are not recorded in the fund financials

Deferred outflows on pension		46,536
Deferred inflows on pension		<u>(29,879)</u>

Long-term liabilities applicable to the Commission which 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.

Compensated absences payable	(25,185)	
OPEB liability	(41,899)	
Pension liability	<u>(499,779)</u>	<u>(566,863)</u>

Net Position of Governmental Activities (Statement A) \$ 124,924

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

Governmental Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2017

	General Fund
REVENUES	
Local sources:	
Collection fees	\$ 412,272
Interest	3,821
Other	<u>3,236</u>
TOTAL REVENUES	<u>419,329</u>
EXPENDITURES	
Current:	
Office expense	76,108
Personnel services	307,186
Insurance expense	3,693
Legal and audit expense	36,810
Travel expense	3,712
Utilities	6,685
Maintenance and repairs	2,048
Capital outlay	<u>2,525</u>
TOTAL EXPENDITURES	<u>438,767</u>
Net Change in Fund Balance	(19,438)
FUND BALANCE - BEGINNING OF YEAR	<u>658,892</u>
FUND BALANCE - END OF YEAR	<u>\$ 639,454</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balance, Governmental Fund (Statement E) \$ (19,438)

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. The following details the amount by which capital outlay exceeds depreciation in the current period:

Capital outlays	\$ 2,525	
Depreciation	<u>(6,969)</u>	(4,444)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned, \$26,009, was less than the amounts used (\$26,082), by \$73.

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The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.

14,024

The Statement of Activities reflects the effects of other post-employment benefits (OPEB), which is based on an alternative measurement determination that is increased over an amortized period and decreased for amounts actually paid during the year. The governmental funds reflect only the payments made as current year expenditures. The change in OPEB liability was:

(14,304)

Change in Net Position of Governmental Activities (Statement B) \$ (24,089)

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Resources (inflows)				
Local sources:				
Collection fees	\$ 424,518	\$ 424,518	\$ 412,272	\$ (12,246)
Interest	-	-	3,821	3,821
Other	-	-	3,236	3,236
	<u>424,518</u>	<u>424,518</u>	<u>419,329</u>	<u>(5,189)</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
General government:				
Office expense	72,975	75,570	76,108	(538)
Personnel services	303,696	308,694	307,186	1,508
Insurance expense	3,597	3,597	3,693	(96)
Legal and audit expense	21,000	34,992	36,810	(1,818)
Travel expense	5,496	4,020	3,712	308
Utilities	7,134	7,056	6,685	371
Maintenance and repairs	4,020	2,478	2,048	430
Capital outlay	6,600	6,036	2,525	3,511
	<u>424,518</u>	<u>442,443</u>	<u>438,767</u>	<u>3,676</u>
Total charges to appropriations				
Net Change in Fund Balance	-	(17,925)	(19,438)	(1,513)
BUDGETARY FUND BALANCE, BEGINNING	<u>649,271</u>	<u>658,892</u>	<u>658,892</u>	<u>-</u>
BUDGETARY FUND BALANCE, ENDING	<u>\$ 649,271</u>	<u>\$ 640,967</u>	<u>\$ 639,454</u>	<u>\$ (1,513)</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER PARISH SALES AND USE TAX COMMISSION

Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
December 31, 2017

	<u>Agency Fund</u>
ASSETS	
Sales tax receivable	\$ 3,110,159
Due from government agencies	<u>3,950</u>
TOTAL ASSETS	<u><u>\$ 3,114,109</u></u>
LIABILITIES	
Due to governments agencies	\$ 3,110,159
Payable to others	<u>3,950</u>
TOTAL LIABILITIES	<u><u>\$ 3,114,109</u></u>

The notes to the financial statements are an integral part of this statement.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is currently comprised of eleven members, one appointed by each taxing body. The Webster Parish Convention and Visitors Commission was not represented on the board at the end of the year. Each Commissioner will have one vote with the exception of those who represent taxing bodies having revenues in excess of one million dollars, which will have two votes. Commissioners serve without compensation.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget and set its own rates or charges. The Commission also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the appointed Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship.

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.

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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 the General Fund which is the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

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

Sales Tax Collection Agency Fund - accounts for sales tax monies collected on behalf of other taxing authorities within the parish.

Occupational Tax Collection Agency Fund - accounts for occupational 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 inflows/outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows/outflows 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.

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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 function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Although separately reported on the Statement of Activities, depreciation expense is considered a direct expense of the general government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for which both restricted and unrestricted net position are available.

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 the liabilities of the current period. The government considers all revenues available if they are collected within 30 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.

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 occupational taxes are recorded when the commission is entitled to the funds which are also when the taxes are collected.

Interest income is recorded monthly as interest is earned.

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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.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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:

State statute requires that a budget be adopted for the general fund.

No later than fifteen days prior to the beginning of each fiscal year, the Administrator submits to the Commission the proposed annual budget for the general fund to be approved. The operating budget includes proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and the final 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.

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Budget Basis of Accounting The General Fund budget is prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Commission. Legally, the Commission must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses.

State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

E. DEPOSITS AND INVESTMENTS

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.

Investments are limited by LSA-R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure as per GASB Statement No. 31.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the Statement of Net Position at the end of each reporting period. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At year end, the Commission investment balances were as follows:

<u>Type of Investment</u>	<u>Level 2</u>
Louisiana Asset Management Pool (LAMP)	\$ 264,126

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The Commission participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

GASB Statement No. 40 "Deposit and Investment Risk Disclosure" requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosures using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 43 days as of December 31, 2017.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130 or contact by phone at 800-249-5267.

F. CAPITAL ASSETS

Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. Donated fixed assets are recorded at acquisition value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets consist of equipment and furniture and fixtures which are depreciated over 2 to 10 years. The Commission uses a capitalization threshold of \$1,000. Straight line depreciation is used.

G. UNEARNED REVENUE

The Commission reports unearned revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the Commission before it has a legal claim to them, as when sales taxes are received under protest from vendors. In subsequent periods, when the Commission has a legal claim to the resources, the liability for unearned revenues is removed from the balance sheet and the revenue is recognized.

H. COMPENSATED ABSENCES

All 12-month employees earn from 10 to 25 days of vacation leave each year. All employees are required to take one week of vacation consecutively each year.

Carrying Annual Vacation Leave Forward:

- a. Earned annual leave not taken by an employee may be accumulated up to 30 days and carried forward into the next calendar year. Employees may not take more than 30 days at one given time except with approval by the Commission.

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- b. Upon separation from service, payment for the accrued annual vacation leave up to the days of separation shall be paid. The rate of pay shall be computed on the basis of the rate the employee is receiving at the time of separation.
- c. Upon death, annual vacation leave accrued to employees' credit shall be computed and the value thereof shall be paid to his or her heirs, except that such payment for accrued leave shall not exceed thirty (30) days. The rate of pay shall be computed on the basis of the rate the employee was receiving at the time of his or her death.

All 12-month employees earn 12 days of sick leave each year. Sick leave can be accumulated without limitations. Upon retirement or death, unused accumulated sick leave, not to exceed twenty-five (25) days, is paid to the employee or to the employee's estate at the employee's current rate of pay.

Under the Louisiana Teachers' Retirement System and the Municipal Employees Retirement System of Louisiana, all unpaid sick leave is used in the retirement benefit computation as earned service.

The Commission's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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The liability for compensated absences is reported in the government-wide financials statements.

I. PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Louisiana (TRSL), and additions to/deductions from TRSLs' fiduciary net position have been determined on the accrual basis, as they are reported by TRSL. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has one item that qualifies for reporting in this category. The Statement of Net Position also reports the Commission's proportionate share of the deferred outflows of resources related to pensions. See Note 4 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has one item that qualifies for reporting in this category. The Statement of Net Position reports the Commission's proportionate share of the deferred inflows of resources related to pensions. See Note 4 for more information.

K. 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.

L. PREPAID ASSETS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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M. FUND BALANCE OF FUND FINANCIAL 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 Board of the Commission, the highest level of decision making authority. 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.

Committed fund balance is established, modified or rescinded by either a policy of the Commission or motions passed at a Commission meeting formally committing the funds. The motions passed are usually the result of budget revisions.

Assigned: Fund balance that is constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Commission.

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

The Commission reduces committed amounts, followed by assigned amounts and then unassigned amounts when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Commission reduces restricted balances and then unrestricted balances when expenditure is incurred for which both restricted and unrestricted fund balance are available.

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2017, the Commission had the following investments:

<u>Investment type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Concentration of Credit Risk</u>
Louisiana Asset Management Pool (LAMP)	Less than 1 year	\$ 264,126	100%

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

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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 \$397,815 and the bank balance was \$575,511.

These deposits are reported as follows:

Statement A – Cash	\$ 397,815
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Of the bank balance, \$250,000 was collateralized with FDIC Insurance. The remaining balance of \$325,511 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.

Credit risk: The Commission's investment in LAMP was rated AAAm by Standard & Poor's. The Commission's policy does not address credit rate risk.

NOTE 3 – CAPITAL ASSETS

The changes in capital assets of governmental activities follow:

	Balance			Balance
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Equipment	\$ 149,920	\$ 2,525	\$ -	\$ 152,445
Furniture and fixtures	<u>19,309</u>	<u>-</u>	<u>-</u>	<u>19,309</u>
Total	169,229	2,525	-	171,754
Less accumulated depreciation	<u>(129,109)</u>	<u>(6,969)</u>	<u>-</u>	<u>(136,078)</u>
Capital assets, net	\$ <u>40,120</u>	\$ <u>(4,444)</u>	\$ <u>-</u>	\$ <u>35,676</u>

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF LOUISIANA

Plan Description

Employees of the Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers’ Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly-available financial report that can be obtained at www.trsl.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general informational purposes only. TRSL provides retirement, deferred retirement option (DROP), disability, and survivor’s benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits:

1. NORMAL RETIREMENT

Regular Plan – Members initially hired on or after July 1, 2015 may retire with a 2.5% accrual rate after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with at least 20 years of service at any age. Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants.

Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service if hired before July 1, 2015. Members hired on or after July 1, 2015 may retire with a 2.0% annual accrual rate at age 62 with at least 5 years of service, or receive an actuarially accrued benefit with 20 years of service at any age.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable benefit factor, and by the years of creditable service. For Regular Plan and Lunch Plan

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B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum monthly benefit, the member may elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, with a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced monthly benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

2. DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

3. DISABILITY BENEFITS

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is

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determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

4. SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with at least five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefits reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an deceased active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement

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benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee’s working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems’ Actuarial Committee (PRSAC), taking into consideration the recommendation of the System’s actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The normal cost portion of each plan’s employer contribution rate varies based upon that plan’s benefits, member demographics, and the rate contributed by employees. The Unfunded Accrued Liability (UAL) contribution rate is determined in aggregate for all plans. The UAL resulting from legislation specific to a plan or group of plans will be allocated entirely to that plan or those plans.

For ORP, only the UAL portion of the employer contribution is retained by the plan. Therefore, only the UAL projected rates were used in the projection of future contributions in determining an employer’s proportionate share.

Rates for the year ended June 30, 2017, are as follows:

TRSL Sub Plan	Total Employer Contributions
	2017
K-12 Regular Plan	25.5%
Higher Ed Regular Plan	24.4%
Plan A	30.7%
Plan B	28.2%

ORP	Employer UAL
2017	21.2%

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The Commission's contractually required composite contribution rate for the year ended December 31, 2017 was 25.5% through June 30, 2017, and increased to 26.6% of annual payroll on July 1, 2017, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the Commission were \$55,342 for the year ended December 31, 2017.

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

At December 31, 2017, the employer reported a liability of \$499,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Commission's proportion was .00488%, which was an increase of .00007% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Commission recognized pension expense of \$43,208.

At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows <u>of resources</u>	Deferred inflows <u>of resources</u>
Differences between expected and actual experience	\$ -	\$ 16,429
Net difference between projected and actual earnings on pension plan investments	-	12,908
Change in assumption	5,270	-
Change in proportionate share from beginning net pension liability and from collective deferred inflows	12,933	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	542
Employer contributions subsequent to the measurement date	<u>28,333</u>	<u>-</u>
Total	\$ <u>46,536</u>	\$ <u>29,879</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

The Commission reported \$28,333 as deferred outflows of resources related to pensions, which represent Commission contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u>	
2018	\$ (7,585)
2019	9,505
2020	(1,457)
2021	(12,138)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.70% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation rate of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.33% for 2017. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation 2017	Long-Term Expected Real Rate of Return
Domestic equity	27.0%	4.28%
International equity	19.0%	4.96%
Domestic fixed income	13.0%	1.98%
International fixed income	5.5%	2.75%
Private Equity	25.5%	8.47%
Other Private Assets	10.0%	3.51%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

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

The following presents the Employer’s proportionate share of the net pension liability using the discount rate of 7.70%, as well as what the Employer’s proportionate share of the net pension obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.70%) or one percentage-point higher (8.70%) than the current rate:

	<u>Changes in discount rate</u>		
	1%	Current	1%
	decrease	rate	increase
	<u>6.70%</u>	<u>7.70%</u>	<u>8.70%</u>
Employer’s proportionate share of the net pension liability	\$643,977	\$ 499,779	\$ 377,114

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$1,890 for its participation in TRSL.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRSL 2017 Comprehensive Annual Financial Report at www.trsl.org.

Payables to the Pension Plan

At December 31, 2017, the Commission had a liability of \$6,142 to the Teachers’ Retirement System of Louisiana for the December 2017 employee and employer legally required contributions.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 5 – ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables at December 31, 2017, are as follows:

Accounts payable to vendors	\$ 6,887
Payroll liabilities	2,262
Retirement and insurance payable	<u>6,142</u>
Total accounts payable	\$ <u>15,291</u>

NOTE 6 – COMPENSATED ABSENCES

At December 31, 2017, employees of the Commission have accumulated and vested \$25,185 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 7 – AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Sales tax collections	\$ 2,759,139	\$ 29,687,870	\$ 29,336,850	\$ 3,110,159
Occupational license fees	<u>-</u>	<u>213,109</u>	<u>213,109</u>	<u>-</u>
Total	<u>\$ 2,759,139</u>	<u>\$ 29,900,979</u>	<u>\$ 29,549,959</u>	<u>\$ 3,110,159</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

The following is a detail of changes in agency fund deposits due others for the collections and payments made to local governmental entities for sales tax collections during the year ended December 31, 2017:

Balance, Beginning	\$ 2,759,139
<u>Receipts:</u>	
Sales tax collections	29,687,870
<u>Disbursements:</u>	
Webster Parish School Board	13,474,458
Webster Parish Police Jury	2,963,275
Webster Parish Sheriff	2,963,550
Webster Parish Tourism Commission	160,607
City of Minden	5,766,134
City of Springhill	2,366,937
Town of Cotton Valley	65,314
Town of Cullen	82,134
Town of Sibley	280,909
Town of Sarepta	83,931
Village of Dixie Inn	312,332
Village of Doyline	68,207
Minden EDD #1	15,857
Minden EDD #2	40,801
Minden EDD #3	214
Minden EDD #4	3,853
Sales tax collection fee	409,530
Fee for audit of sales tax vendors	194,042
Refunds to sales tax vendors	<u>84,765</u>
Total disbursements	<u>29,336,850</u>
Balance, Ending	<u>\$ 3,110,159</u>

NOTE 8 – ACCOUNTS RECEIVABLE

Accounts receivable of \$3,110,159 is reported in the fiduciary fund. No allowance for doubtful accounts was established as the full amount will be collected.

Accounts receivable of \$564 is reported in the general fund. This amount represents amounts due from businesses for insufficient checks issued in 2017.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective with the fiscal year ended December 31, 2009, the Commission implemented Government Accounting Standards Board Statement 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.”

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 or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. Substantially all of the Commission's employees become eligible for these benefits once they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission. The OPEB plan does not issued a stand-alone financial report.

Funding Policy The insurance for retired individuals is provided through the Commission's group plan, which covers both active and retired members. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. Contribution amounts are approximately 25% retiree/75% employer of the stated costs of healthcare coverage.

The plan is currently financed on a "pay as you go basis" with the Commission contributing \$5,682 for one retiree for the year ended December 31, 2017.

Annual Other Post-Employment Benefit Cost and Liability The Commission's annual other post-employment benefit (OPEB) cost (expense) is calculated 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. A seven year amortization period was used for post-employment benefits. The total ARC for fiscal year 2017 is \$21,734 as set forth below:

Normal cost	\$ 9,988
30-year UAL amortization amount	<u>11,746</u>
Annual required contribution (ARC)	<u>\$ 21,734</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

The following table presents the Commission's OPEB Obligation for fiscal year 2015, 2016 and 2017:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Beginning Net OPEB Obligation January 1	\$ 27,595	\$ 16,888	\$ 17,195
Annual required contribution	21,734	15,639	8,365
Interest on prior year Net OPEB Obligation	690	422	430
Adjustments to ARC	<u>(2,437)</u>	<u>-</u>	<u>-</u>
Annual OPEB Cost	19,987	16,061	8,795
Less current year retiree premiums	<u>(5,683)</u>	<u>(5,354)</u>	<u>(9,102)</u>
Increase (decrease) in Net OPEB Obligation	<u>14,304</u>	<u>10,707</u>	<u>(307)</u>
Ending Net OPEB Obligation at December 31	\$ <u>41,899</u>	\$ <u>27,595</u>	\$ <u>16,888</u>

Utilizing the pay as you go method, the Commission contributed 28% of the annual post-employment benefits cost during 2017, 33% during 2016, and 103% during 2015, respectively.

Funded Status and Funding Progress Since the plan is not funded, the Commission's entire actuarial accrued liability of \$221,065 was unfunded.

The funded status of the plan, as determined by using the alternative measurement method as of December 31, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 221,065
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>221,065</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ <u>155,715</u>
UAAL as a percentage of covered payroll	142%

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.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The alternative measure assumptions included a 2.5% rate of return on investments. The expected rate on increase in healthcare costs was based on whether retiree was Pre-Medicare and Medicare eligible graduated down from 8% to an ultimate annual rate of 4.7%. Life expectancy assumptions were based on mortality tables at the U.S. Centers for Disease Control and Prevention website (www.cdc.gov). The *Expectation of Life at Birth, 1960 to 2008 and Projections, 2010 to 2010 by Age, Sex and Race* was used. The plan only covers employees, therefore marital status was not considered in the calculation. The 2017 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. A discount rate of 2.5% was used. Turnover rates per GASB 45 tables was used. For those age 65 and older the single Medicare contribution rate of \$3,748 was used. For those under age 65, the single rate of \$5,522 was used. At December 31, 2017, all plan participants were retired; therefore there was no assumption for turnover and all participants were eligible to receive benefits.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation assumption used in this valuation was 100%.

The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at December 31, 2017 for other post-employment benefits (OPEB) is 24 years.

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017:

	Beginning			Ending	Due within
Governmental activities:	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>one year</u>
Compensated absences	\$ 25,258	\$ 26,009	\$ 26,082	\$ 25,185	\$ 25,185
OPEB liability	27,595	19,986	5,682	41,899	-
Pension obligation	<u>564,666</u>	-	<u>64,887</u>	<u>499,779</u>	-
Total	<u>\$ 617,519</u>	<u>\$ 45,995</u>	<u>\$ 96,651</u>	<u>\$ 566,863</u>	<u>\$ 25,185</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 11 – RISK MANAGEMENT

The Commission is exposed to various risk for property damage, liability, and theft which are covered by insurance policies to manage these risks. In the past insurance has been sufficient to cover any settlements. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years.

NOTE 12 – LITIGATION AND CLAIMS

At December 31, 2017, the Commission is involved in litigation concerning protested taxes. Unearned revenue of \$12,908 is reported for the amount received under protest.

NOTE 14 – 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 15 – REFUNDS TO TAXPAYERS

The Commission receives refund requests from sales tax remitters for overpayment of sales taxes. Refund requests are reviewed to determine if the amounts were overpaid. For the year ended December 31, 2017, the Commission recognized \$3,950 of refunds due taxpayers.

NOTE 16 – OCCUPATIONAL LICENSE COLLECTIONS AND DISBURSEMENTS

The following is a schedule occupational tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2017:

	<u>Total</u> <u>Collections</u>	<u>Collection</u> <u>Fees</u>	<u>Total</u> <u>Distribution</u>	<u>Refunds</u>	<u>Balance to be</u> <u>Distributed</u>
Webster Parish Police Jury	\$ 213,109	\$ 2,971	\$ 209,238	\$ 900	\$ -

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 17 – SALES TAX COLLECTIONS AND DISBURSEMENTS

The following is a schedule of the sales tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2017:

	<u>Total Collections</u>	<u>Collection Fees</u>	<u>Audit Fees</u>	<u>Refunds</u>	<u>Total Distribution</u>
Webster Parish School Board (2.5%)					
School Board 1969 (1.0%)	\$ 6,085,954	\$ 84,931	\$ 55,261	\$ 19,486	\$ 5,926,276
School Board 1996 (1.0%)	6,085,953	84,931	55,261	19,486	5,926,275
School District 6 (0.5%)	1,653,881	23,102	5,120	3,752	1,621,907
Webster Parish Police Jury (0.5%)	3,043,116	42,467	27,631	9,743	2,963,275
Town of Sibley (2.5%)					
Town of Sibley 1980 (1.0%)	114,067	1,597	84	23	112,363
Town of Sibley 1988 (1.0%)	114,068	1,597	84	23	112,364
Town of Sibley 2011 (0.5%)	57,034	798	42	12	56,182
Town of Cotton Valley (1%)	66,242	928	-	-	65,314
City of Minden (2%)					
City of Minden 1967 (1%)	2,941,062	41,081	10,223	6,690	2,883,068
City of Minden 1984 (1%)	2,941,060	41,081	10,224	6,689	2,883,066
Minden Econ. Dev. District #1 (2%)	16,082	225	-	-	15,857
Minden Econ. Dev. District #2 (2%)	41,380	579	-	-	40,801
Minden Econ. Dev. District #3 (2%)	217	3	-	-	214
Minden Econ. Dev. District #4 (2%)	3,908	55	-	-	3,853
City of Springhill (2.5%)					
City of Springhill 1968 (1.0%)	964,633	13,454	993	3,647	946,539
City of Springhill 1988 (0.5%)	482,912	6,735	496	1,823	473,858
City of Springhill 1992 (1.0%)	964,633	13,454	992	3,647	946,540
Town of Cullen (2.5%)					
Town of Cullen (1.0%)	33,320	467	-	-	32,853
Town of Cullen (0.5%)	16,660	233	-	-	16,427
Town of Cullen (1.0%)	33,320	466	-	-	32,854
Town of Sarepta (1%)	85,123	1,192	-	-	83,931
Village of Dixie Inn (2%)					
Village of Dixie Inn 1981 (1%)	158,383	2,218	-	-	156,165
Village of Dixie Inn 1994 (1%)	158,384	2,217	-	-	156,167
Village of Doyline (1%)	69,175	968	-	-	68,207
Webster Parish Tourism (4%)	162,887	2,280	-	-	160,607
Webster Parish Sheriff (0.5%)	<u>3,043,396</u>	<u>42,471</u>	<u>27,631</u>	<u>9,744</u>	<u>2,963,550</u>
Total	<u>\$ 29,336,850</u>	<u>\$ 409,530</u>	<u>\$ 194,042</u>	<u>\$ 84,765</u>	<u>\$ 28,648,513</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2017

NOTE 18 – NEW GASB STANDARDS

Statement No. 77 – Tax Abatement Disclosures: This Statement established standards of accounting and financial reporting for tax abatements. Financial statement users need information about certain limitations on a government’s ability to raise revenues. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatement are widely used by state and local governments, particularly to encourage economic development. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

Statement No. 82 – Pension Issues: This Statement establishes accounting and financial reporting requirements for pensions provided to the employees of state or local governmental employers. This statement clarified the definition of covered payroll reported in the required supplementary information. This statement defined covered payroll as payroll on which contributions are made. This statement also requires that payments made by employers to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as employee contributions.

The adoption of these standards had no impact on the net position of government wide statements or the fund financial statements.

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

The government-wide financial statements includes a prior period adjustment to reflect a correction to the calculation of the OPEB liability. The 2016 calculation was based on retired participants to the group health plan, however, in 2016, active employees began participating in the group health plan. The calculation was revised to consider the effect of active participants to the group health plan.

The beginning net position presented in the government-wide financial statements have been restated to reflect the following adjustments and corrections:

Governmental activities:

Net position, previously reported	\$ 155,481
Prior period adjustment:	
Effect of correcting OPEB liability	<u>(6,468)</u>
Net position, as restated	<u>\$ 149,013</u>

REQUIRED SUPPLEMENTARY INFORMATION
(PART II)

Webster Parish Sales and Use Tax Commission

**Schedule of Funding Progress for Other Post-Employment Benefits
December 31, 2017**

Fiscal Year <u>End</u>	<u>Valuation Date*</u>	Actuarial Value of <u>Assets</u>	Actuarial (AAL) Entry-age <u>Normal</u>	Funded Ratio <u>(1) / (2)</u>	Unfunded Actuarial Liability (UAAL) <u>(2) - (1)</u>	Covered Payroll	UAAL as a Percentage of Covered Payroll <u>(4) / (5)</u>
Dec 31, 2011	Dec 31, 2011	-	121,498	-	121,498	44,114	275%
Dec 31, 2012	Dec 31, 2011	-	121,498	-	121,498	-	0%
Dec 31, 2013	Dec 31, 2013	-	172,569	-	172,569	-	0%
Dec 31, 2014	Dec 31, 2013	-	180,928	-	180,928	-	0%
Dec 31, 2015	Dec 31, 2013	-	109,204	-	109,204	-	0%
Dec 31, 2016	Dec 31, 2013	-	191,910	-	191,910	115,916	166%
Dec 31, 2017	Dec 31, 2016	-	221,065	-	221,065	155,715	142%

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

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

**Schedule of Proportionate Share of Net Pension Liability
December 31, 2017**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Teachers' Retirement System of Louisiana					
2015	0.00476%	\$ 511,486	\$ 201,771	253.50%	62.47%
2016	0.00481%	564,666	205,806	274.37%	59.90%
2017	0.00488%	499,779	209,840	238.17%	65.60%

Notes:

The amounts presented have a measurement date of June 30, 2017.

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

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

**Schedule of Employer Contributions
December 31, 2017**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
Teachers' Retirement System of Louisiana					
2015	\$ 55,323	\$ 55,323	\$ -	\$ 203,768	27.15%
2016	55,832	55,832	-	207,844	26.86%
2017	55,342	55,342	-	212,433	26.05%

Notes:

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

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

Schedule of Compensation Paid to Commissioners

December 31, 2017

The Webster Parish Sales and Use Tax Board of Commissioners received no compensation:

Ronda Carnahan	Chairperson
Shelli Malone	Member
Peggy Adkins	Member
Crevonne Odom	Member
Sherry McCann	Member
Sharon Bryce	Member
Michael Fluhr	Member
Raven Coleman	Member
Michael Magee	Member
Judy Mckenzie	Member
Connie Smith	Member

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

**Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2017**

Agency Head: Cyndy Herrington, Administrator

Salary	\$ 66,765
Benefits – insurance	13,442
Benefits – retirement	17,392
Dues	200
Travel	1,738
Registration fees	<u>675</u>
Total	\$ <u>100,212</u>

See independent auditors' report.

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board Members of the
Webster Parish Sales and Use Tax Commission
Minden, 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, major fund, and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 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 June 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Webster 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 Webster Parish Sales and Use Tax Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet in 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 might not have been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as 2017-01 and 2017-02 that we consider to be a significant deficiency.

Compliance and Other Matters

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

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

Webster Parish Sales and Use Tax Commission's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The Webster Parish Sales and Use Tax 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 results of that testing, and not to provide an opinion on the effectiveness of the Webster Parish Sales and Use Tax Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Wesley Martin & Cole, LLC

Minden, Louisiana

June 14, 2018

Webster Parish Sales and Use Tax Commission
Schedule of Current Year Findings
December 31, 2017

Reference# and title: 2017-01 Internal Controls over Outstanding Sales Tax Collections

Origination date: This finding originates in the fiscal year ended December 31, 2013.

Criteria or specific requirement: As stewards of the taxpayer's money, it is the responsibility of the Commission to maintain a system to allow prompt follow-up with delinquent filers, to collect payments, and vigorously pursue collections. Proper internal controls require that procedures are established and monitored to ensure delinquent sales tax remitters are being informed by the Commission that reports are due and arrangements are made to collect any sales tax owed from delinquent businesses.

Businesses should be informed on a timely basis of the outstanding monies owed to the Commission.

Condition found: Of the vendors selected, we observed improvements indicating that the Commission had documented contact with vendors, and filed liens and court judgements, in an effort catch up on collection procedures against vendors who were delinquent in prior years. In addition, management provided documentation of correspondence indicating enforcement procedures on current year delinquent filers.

- 14 out of 30 delinquent vendors indicated enforcement documentation filed and attempts to collect were documented.

However, we noted cases where the Commission needed to follow-up on these delinquent vendors to ensure they were following through with the agreements made with the Commission. Our tests revealed the following:

- 7 out of 30 delinquent vendors tested had documentation filed which indicated that enforcement procedures were started. These vendors lacked timely follow-up to ensure agreements were being kept. Some of these vendors were delinquent for more recent months which were not covered under liens filed against these vendors, although these same vendors had signed installment agreements to stay current on their filings.
- 9 out of 30 delinquent vendors had no documentation of correspondence issued to address delinquent filings.

Possible asserted effect (cause and effect):

Cause: Enforcement of collection procedures against vendors who are delinquent in filing sales tax returns and timely paying sales taxes is not being consistently or timely performed.

Effect: Taxes owed by vendors doing business in the parish is not being collected.

Webster Parish Sales and Use Tax Commission
Schedule of Current Year Findings
December 31, 2017

Recommendations to prevent future occurrences: While management has taken steps to begin catching up on delinquent vendors and enforcing collection procedures against current vendors, we recommend that timely follow up be performed to ensure that these vendors stay current returns. We noted instances where vendors are still delinquent and no collection documentation found as mention in the Commission policy. Management should establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Corrective action plan: Management will take steps to monitor delinquents in which enforcement procedures have been started in order to ensure that timely follow up is done regarding current returns. Management will ensure that collection procedures are continued on delinquent vendors and have collection documentation. Management will establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Date corrective action will be completed: December 31, 2018

Agency personnel responsible for taking the corrective action: Cyndy Herrington

Reference # and title: 2017-02 Internal Controls over collections of Occupational License Tax

Origination date: This finding originates in the fiscal year ended December 31, 2015.

Criteria or specific requirement: State law allows the parish to impose a license tax on any person conducting business within the territorial jurisdiction of the parish at rates not to exceed the maximum tax rates set by law. It is the Commission's responsibility to maintain a system to allow prompt follow-up with delinquent filers, to collect payments, and vigorously pursue collections for the parish. Proper internal controls require that procedures are established and monitored to ensure collection of the license tax assessed on businesses operating within the parish.

Condition found: During the year, we found that the Commission adopted a formal written policy to address the collection process over occupational license tax during Dec, 2017.

Delinquent accounts are not being timely addressed as per Louisiana Revised Statutes and newly adopted policy. We noted procedures to enforce collections for delinquent filers performed during the last month of the year.

Webster Parish Sales and Use Tax Commission
Schedule of Current Year Findings
December 31, 2017

Possible asserted effect (cause and effect):

Cause: Written procedures to address the delinquent filings were not adopted or performed timely.

Effect: Occupational license taxes owed by vendors doing business in the parish is not being collected.

Recommendations to prevent future occurrences: The Commission must enforce it's newly adopted a written policy to address collection enforcement procedures of occupational license tax. Management should establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Corrective action plan: The Commission began to process the Occupational License Tax in the new software beginning January 1, 2018. The new software will ensure that management can easily assess the status of delinquent filers and amounts outstanding. Management will establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Date corrective action will be completed: December 31, 2018

Agency personnel responsible for taking the corrective action: Cyndy Herrington

Webster Parish Sales and Use Tax Commission
Status of Prior Year Findings
December 31, 2017

Reference # and title: 2016-01 Internal Controls over Outstanding Sales Tax Collections

Comment: During the year, the Commission's policy was to send delinquent notice cards to vendors and issue demand letters. In some cases, delinquent filers are turned over to the Commission's attorney or tax liens are filed.

Delinquent accounts are not being properly or timely addressed as per policy and Louisiana Revised Statutes. We noted where delinquent filers did not receive assessment or demand letters that covered all outstanding periods. In addition some of these delinquent filers also had outstanding debit memos with balances due.

Status: Finding is partially resolved. The Commission adopted written collection procedures and has documentation indicating an increase in collection efforts during the year; however, delinquent accounts were tested and revealed that they were not being properly or timely addressed per the Commission's policy.

Reference # and title: 2016-02 Internal Controls over collections of Occupational License Tax

Condition found: During the year, we found that the Commission adopted a formal written policy to address the collection process over occupational license tax at the end of Dec, 2017.

At the end of the year, delinquent accounts were identified but not timely addressed as per Louisiana Revised Statutes and the newly adopted policy. We noted that there were no procedures to enforce collections for delinquent filers until the end of 2017.

Status: Finding not resolved. Although the Commission adopted written collection procedures to address delinquent accounts for the occupational licenses, procedures were not performed timely.

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Webster Parish Sales and Use Tax Commission
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Webster Parish Sales and Use Tax Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated 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

Written procedures were obtained and address all of the functions above; however, the Commission did not provide a written policy. (Exception)

- 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.

A written policy and procedures was obtained but does not address functions (2), (3), and (5) on the above list. (Exception)

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

A written policy and procedures was obtained and addresses all of the functions above.

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

Written procedures were obtained and address all of the functions above except for preparing deposits. The Commission did not provide a written policy. (Exception)

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

Written policies and procedures were obtained and address all of the functions listed above.

- 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

Written procedures were obtained and address all of the functions listed above. The Commission did not provide a written policy. (Exception)

- 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

A written policy and procedures were obtained and address all of the functions listed above except allowable business uses. (Exception)

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

A written policy and procedures was obtained and address all of the functions listed above except who the required approvers are. (Exception)

- 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.

A written policy was obtained and addresses all of the functions listed above except having a system to monitor possible ethics violations and the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. The Commission did not provide any written procedures. (Exception)

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

The Commission does not have debt; therefore, no policy or procedures were provided.

Board

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met semiannually in accordance with their enabling legislation.

- 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).

Both meetings' minutes referenced budget-to-actual comparisons on their one major fund.

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.

Procedures do not apply. The Commission did not have deficit spending.

- b) 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.

The minutes referenced non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided us with a list of bank accounts and representation that the list 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). 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;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations were prepared for all months in the fiscal period.

- 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

The bank reconciliations prepared for all accounts were not reviewed by a member of management or a board member with no involvement in the transactions associated with the bank account. (Exception)

- 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.

Obtained bank statements and reconciliations for all months in the fiscal period, one account had no outstanding items older than six months, but the other account had outstanding items older than six months. No evidence of outstanding items being investigated. (Exception)

Collections

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

Management provided us with the required list and 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). 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.

Written documentation obtained indicates that each person responsible for collecting cash is bonded.

Written documentation obtained does not address who is responsible for depositing cash in the bank, for reconciling the related bank accounts, recording the related transactions, whether persons are not required to share the same cash register or drawer with another employee. (Exception)

- 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.

Written documentation does not identify a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected. A reconciliation is performed by the Commission; however, all employees are a part of collection process. (Exception).

- 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.

There is one cash collection site for all revenue sources. Deposits were not made within one day of collection. (Exception)

The number of days from receipt to deposit for each location is as follows:

<u>Location</u>	<u>Number of Receipts</u>	<u>Number of days from Collection to Deposit</u>
Commission Office	6	Unknown

We were unable to tell when the returns were received since they were not stamped for when they were received by the Commission. This could cause the collections to be held more than one day but we were unable to determine number of days from collection to deposit.

- 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.

Sequentially numbered receipts and/or other related collection documentation supported the cash collection.

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.

The entity does not have a formal process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections. (Exception)

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.

Management provided us with the required list and representation that the listing 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.

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that supporting documentation was present for all transactions.

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

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that supporting documentation was present for all transactions.

- 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.

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that supporting documentation was present for all transactions.

- 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.

Written procedures address who's responsible for processing payments, but does not address whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system. (Exception)

- 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.

Written documentation does not address whether persons with signatory authority or who make final authorization for disbursements have no responsibility for initiating or recording purchases. (Exception)

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.

Inquiry revealed that the unused checks are stored in a box that has a lock and requires a key to open and access is restricted to the Office Administrator, who also has the authority to sign checks. (Exception)

No documentation provided which addresses whether persons with signatory authority have system access to print checks. However, inquiry of management provided that the Office Administrator is the only person who has access to blank stock, and she is also responsible for printing checks through the system. (Exception)

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.

Inquiry revealed that the Office Administrator's signature is maintained under the control of the Office Manager and is only used for letters and correspondence the signer consents to. The Administrator's stamp is not allowed to be used for signing checks. Inquiry also revealed that the signature of a Board member with check signing authority is maintained under the control of the Office Administrator but used by the Office Manager whenever a check is processed to be mailed. The stamp is used with consent of the signer. (Exception)

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.

Management provided us with a list of credit cards/debit cards/fuel cards/p-cards and representation that the list 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.

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.]]

No evidence of selected monthly statement being reviewed and approved in writing by someone other than the authorized card holder. (Exception)

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

Observed finance charges and/or late fees being assessed on the selected monthly statement. (Exception)

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.)

Observed all required supporting documentation listed above.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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.

Management provided us with the required list and representation that the listing 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.

None of the amounts provided in the written policy exceed the 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.

Reimbursements agreed with the Commission's written policy.

- 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.]

Each expense was supported by an original itemized receipt.

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

Each expense was supported by documentation of business purpose and individuals participating.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Documentation in accordance with written policies was provided.

- 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.

The client's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, section 14 of the Louisiana Constitution.

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

Each expense tested was supported by documentation of review and approval in writing by someone other than the traveler without exception.

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.

Management provided us with the required list and representation that the listing 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.

Management provided written contracts as support for the services arrangement and the amounts paid for 3/5 contracts. (Exception)

For one of the two contracts, a contract was provided for the annual fee portion of the contract, but no contract was provided for all other transactions with that vendor.

- 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)

Not Applicable

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

No documentation of solicited quotes was provided for the five vendors selected.

- 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.

Three of the five contracts were amended.

One vendor amended their contract to compensate the contractor a fee for all hours worked on all examinations based on an hourly rate of \$100.00 plus expenses for examination services performed during the term of the contract. Payment for hourly fees may equal but not exceed 30% of the total revenue collected by the parish as a result of all examinations performed by the Contractor under this contract. Original contract terms provided for such an amendment.

One vendor did not have a contract to provide for terms of original contract or amendment to the contract.

One vendor amended their contract to increase the base lease from \$1,875.00 to \$2,156.25 per month. Original contract terms 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.

Observed 4/5 invoices and payments complying with terms and conditions set by contracts.

For one vendor, no contract was provided, only a resolution. When comparing the resolution to the invoice, different rates were used (\$125.00 and \$55.00). (Exception)

- 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).

Written policy and procedures does not require board approval for contracts.

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:

Management provided us with a listing of employees with their related salaries and management's representation that the listing is complete.

- 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.

Compensation paid to each employee during the fiscal period were made in strict accordance with the terms and conditions of the employment contract or pay rate structure for all but one employee. (Exception)

One of the five employees pay had a difference caused by time taken off without pay. The written policy and procedure did not address this circumstance. (Exception)

- 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.

Pay rates changed at the beginning of the year and was approved by the board in a meeting when discussing the budget.

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.)

Observed that daily attendance was not documented. Leave was documented for all employees during the selected pay period. (Exception)

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

Observed the leave request forms submitted by the employees, and there was no indication that leave request were approved by the Administrator. There is no daily attendance documented. (Exception)

- 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.

Management provided written documentation that the entity maintained written leave records.

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.

There were no employees terminated during the fiscal period.

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.

Observed documentation related to payroll taxes and retirement contributions and noted that they were submitted to the applicable agencies by the required deadline.

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.

The entity maintained documentation of completion of ethics training during the fiscal period for the selected employees.

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.

Management asserts that they have received no allegations during the fiscal period.

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.

No debt was issued during the fiscal period.

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.

No debt service payments or debt reserves were required on the Commission’s long-term obligation during the fiscal period.

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

Not applicable.

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.

Management asserts that the entity did not have any misappropriations of public funds or assets.

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.

On February 13, 2018, we observed the fraud notice posted on the left wall of the Office Manager's office next to the copy machine. We also observed the fraud notice posted on the Commission's website.

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

No exceptions noted.

Management Response/Corrective action plan: *Management asserts that Commission policies and/or procedures are followed to the best of our abilities. Many are unwritten and handed down from previous management. Management will review the following items with exceptions listed in the SAUPs: Written Policies & Procedures, Bank Reconciliations, Collections, Disbursements, Credit Cards, Contracts and Payroll & Personnel. Management will determine if new policies and/or procedures need to be created or if current policies and/or procedures need to be amended and make changes as necessary. Management will make every effort to complete the changes by the date below.*

Date corrective action will be completed: *December 31, 2018*

Agency personnel responsible for taking the corrective action: *Cyndy Herrington*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Wise Martin & Cole, LLC

Minden, LA
June 14, 2018