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

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Red River Parish Sales & Use Tax Commission
Coushatta, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the fiduciary fund of the Red River Parish Sales & Use Tax Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the fiduciary fund of the Commission, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Information on pages 3 to 6 and 23, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2020, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Baton Rouge, Louisiana
December 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The Management's Discussion and Analysis of the Red River Parish Sales & Use Tax Commission's (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Commission's financial statements, which begin on page 7.

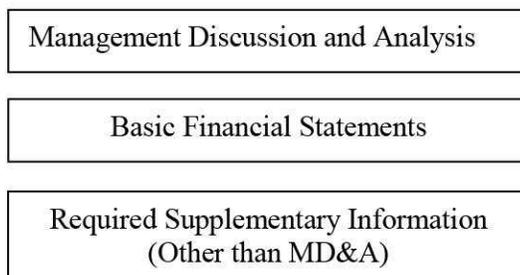
FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Government-wide statements provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These Government-wide statements tell how services were financed in the short-term as well as what remains for future spending. The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance places an emphasis on current financial resources. There is only one governmental fund and that is the General Fund.

- The Commission’s net position decreased by \$26,115 in the current year compared to a decrease in net position of \$11,067 in the prior year.
- The General fund reported a deficiency of revenues over expenditures of \$14,210, reducing fund balance to \$86,593. A similar yet smaller deficiency in the amount of \$6,044 was recognized in the prior year. The deficiency is a result of an increase in personnel services and benefits.
- Total expenditures in the general fund increased by \$7,109. This is attributed to an increase in personnel services and benefits. Total revenues in the general fund decreased by \$1,057. This is attributed to a credit issued to the agencies as a result of an insurance overpayment made in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Commission as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments:



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information, and other supplementary information.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the Commission's net position and changes in them. One can think of the Commission's net position, the difference between assets and liabilities, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position is an indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 9. The Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's activities as well as what remains for future spending.

The Fiduciary Fund financial statements are presented on page 13. Fiduciary funds report assets held for others and a corresponding liability due to those parties. The taxes collected by the Commission flow through this fund.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of Year-End

	2020	2019
Cash and cash equivalents	\$ 86,993	\$ 100,839
Receivables	2,726	2,728
Capital assets, net	120	842
Total Assets	\$ 89,839	\$ 104,409
Current liabilities	\$ 3,126	\$ 2,764
Non-current liabilities	65,004	53,821
Total Liabilities	68,130	56,585
Net position		
Net investment in capital assets	120	842
Unrestricted	21,589	46,982
Total Net Position	21,709	47,824
Total Liabilities and Net Position	\$ 89,839	\$ 104,409

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Net position of the Commission decreased by \$26,115 or 54.6% from the previous fiscal year. (See table below)

Statement of Activities
For the Year Ended

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Program revenues		
Charges for services	\$ 94,650	\$ 96,099
Other revenues	<u>782</u>	<u>390</u>
Total revenue	95,432	96,489
Expenses	<u>(121,547)</u>	<u>(107,556)</u>
Change in net position	<u>\$ (26,115)</u>	<u>\$ (11,067)</u>

Revenues generally remained consistent from year to year while expenses increased. The program revenues consist of charges to the taxing authorities to cover the administrative costs for compensation and benefits for the sole employee and other operating costs. These charges are budgeted and approved by the Commission and fluctuate very little. However, the Commission periodically assesses these charges for adequacy. In the current year, program revenues decreased by approximately \$1,449 or 1.5% and expenses increased by approximately \$13,991 or 13.0%. The decrease in revenue was due to a credit issued to the agencies as a result of an insurance overpayment in the prior year. The increase in expense is the result of increases to the personnel services and benefits cost for the sole employee.

Long-Term Liabilities

The Commission's only long-term liability consists of its compensated absence payable. The Commission had \$65,004 in compensated absences payable at year end compared to \$53,821 at the previous year end, an increase of \$11,183 or 20.8%. The policy of the Commission is to allow employees to carry over to the next year any unused compensated absences. The increase is the result of the sole employee accruing unused compensated absences in accordance with the Commission's policy as well as an increase in approved salary.

TAX COLLECTIONS AND DISTRIBUTIONS

Sales and use tax collections, including protested taxes collected and interest on late payments, for the years ended June 30, 2020 and 2019 amounted to \$11,038,899 and \$11,896,510, respectively. Distributions of these taxes to appropriate governmental jurisdictions within Red River Parish during the same period of time amounted to \$10,886,852 and \$11,395,058 respectively. Collections and distributions during the same fiscal year differ because of collection costs and the resolution of disputes affecting distributions usually occur in periods after the respective taxes were collected.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The Commission's budget was amended during the year to better reflect the results of operations. Both revenues and expenses were adjusted to reflect anticipated increases in personnel services and benefits costs.

Actual revenues and expenditures reflected minor differences from the final amended budget.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Intergovernmental revenues (based on personnel and operating expenses)
- 2) Interest income
- 3) Miscellaneous income

The Commission does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE RED RIVER PARISH SALES & USE TAX COMMISSION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Red River Parish Sales & Use Tax Commission, Attention: Elaine Moore, Administrator, at Post Office Box 570, Coushatta, Louisiana 71019.

BASIC FINANCIAL STATEMENTS

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 86,993
Accounts receivable	2,726
Total current assets	<u>89,719</u>

Noncurrent Assets:

Capital assets, net	<u>120</u>
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Total assets	<u>89,839</u>
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LIABILITIES

Current Liabilities:

Accounts payable and accruals	<u>3,126</u>
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Noncurrent Liabilities:

Compensated absences payable	<u>65,004</u>
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Total liabilities	<u>68,130</u>
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NET POSITION

Net investment in capital assets	120
Unrestricted	<u>21,589</u>

Total net position	<u><u>\$ 21,709</u></u>
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The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net Expense and Changes in Net Position</u>
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 121,547	\$ 94,650	\$ (26,897)
Total governmental activities	<u>\$ 121,547</u>	<u>\$ 94,650</u>	<u>(26,897)</u>
General Revenues:			
Interest income			<u>782</u>
Total general revenues			<u>782</u>
Change in net position			(26,115)
Net position, beginning of year			<u>47,824</u>
Net position, end of year			<u>\$ 21,709</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 86,993
Accounts receivable	<u>2,726</u>
Total Assets	<u><u>\$ 89,719</u></u>

LIABILITIES

Accounts payable and accruals	<u>\$ 3,126</u>
Total Liabilities	<u>3,126</u>

FUND BALANCES

Unassigned	<u>86,593</u>
Total Fund Balances	<u>86,593</u>
Total Liabilities and Fund Balances	<u><u>\$ 89,719</u></u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - Governmental Fund	\$	86,593
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, not reported in the fund assets.		
Cost of capital assets at June 30, 2020	\$	9,159
Less: Accumulated Depreciation as of June 30, 2020		<u>(9,039)</u> 120
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the fund liabilities		<u>(65,004)</u>
Total net position - Governmental Activities	\$	<u>21,709</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES

Charges for service	\$ 94,650
Interest income	782
Total revenues	<u>95,432</u>

EXPENDITURES

General Government:	
Employee salary and benefits	78,088
Travel	478
Operating services	14,422
Supplies	1,654
Professional services	15,000
Total expenditures	<u>109,642</u>

CHANGE IN FUND BALANCE (14,210)

Fund balance - beginning of year	<u>100,803</u>
Fund balance - end of year	<u>\$ 86,593</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balance - Governmental Fund	\$ (14,210)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year	(722)
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental fund.	
	<u>(11,183)</u>
Change in net position - Governmental Activities	<u>\$ (26,115)</u>

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

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 54,438
Restricted cash	13,988
Taxes receivable	<u>843,984</u>
Total assets	<u>\$ 912,410</u>

LIABILITIES

Taxes paid under protest	\$ 13,988
Due to other governments	<u>898,422</u>
Total liabilities	<u>\$ 912,410</u>

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided in Article VII, Section 3 of the Louisiana Constitution of 1974, the Red River Parish Sales and Use Tax Commission (Commission) serves as the collector of sales and use taxes for the parish. The Commission is comprised of five members, one selected from the Red River Parish School Board, Red River Parish Police Jury, Red River Parish Sheriff's Office, the Town of Coushatta, and the Village of Hall Summit, in accordance with a joint agreement of the agencies. The Commissioners serve for indefinite terms and without benefit of compensation.

Basis of Presentation

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

Reporting Entity

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

Fund Accounting

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

Governmental Funds

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

General Fund

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

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds (continued)

Fiduciary Fund

Fiduciary fund reporting focuses on resources held for other parties. The only fund accounted for in this category by the Commission is an agency fund. The agency fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but use the full accrual basis of accounting. Collections of sales taxes are recognized when received and expenditures are recognized when the related fund liability is incurred, regardless of when the related cash flow takes place.

Basis of Accounting / Measurement Focus

Government-wide financial statements (GWFS)

The statement of net position and the statement of activities display information about the primary government (the Commission). These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities are generally financed through service charges to the taxing districts receiving tax distributions and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees for the collection of taxes. Revenues that are not associated as program revenues, including interest revenue presented as general revenues.

The GWFS and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Exchange transactions, in which the Commission gives (or receives) value in exchange for services rendered, consist of the charges for collection services which are recognized when services are provided and revenue is earned.

Fund Financial Statements (FFS)

The fund financial statements provide information about the Commission's general fund. Separate statements for each fund category are presented. The emphasis of fund financial statements is on the major fund, which is the General Fund.

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

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting / Measurement Focus (continued)

Fund Financial Statements (FFS) (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental fund to be available if the revenues are collected within sixty days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund.

Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Commission prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Commission amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncertainty associated with the collectability of the particular receivable. At June 30, 2020, all receivables are deemed collectible.

Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Commission is charged as an expense against operations in the statement of activities. Capital assets, net of accumulated depreciation, are reported on the statement of net position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Commission maintains a threshold level of \$1,000 or more for capitalizing assets.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Commission's single employee earns annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by the employee is unlimited. Upon termination, the employee is compensated for all of their unused annual and sick leave at the employee's hourly rate of pay at the time of termination.

Net Position

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

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

Fund Balance of Fund Financial Statements

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

- Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally contractually required to be maintained intact.
- Restricted – represents balances where constraints have been established by parties outside the Commission or imposed by law through constitutional provisions or enabling legislation.
- Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission's highest level of decision-making authority.
- Assigned – represents balances that are constrained by the Commission's intent to be used for specific purposes, but are not restricted nor committed.
- Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance of Fund Financial Statements (continued)

When expenses are incurred for the purposes for which both restricted and unrestricted amounts are available, the Commission reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for the purposes for which committed, assigned, and unassigned amounts are available, the Commission reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Estimates

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

Current Accounting Standards Scheduled to be Implemented

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

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Commission controls the assets in a fiduciary activity and (2) if there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The Commission will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. The effect of this standard or its applicability to the Commission are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Commission will include the requirements of this standard, as applicable, in its June 30, 2022 financial statement. All of the Commission's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Commission is unknown at this time.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with Financial Institutions

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents		
Demand deposits	\$ 86,993	\$ 54,438
Restricted cash		
Demand deposits - escrow	-	13,988
Total deposits	<u>\$ 86,993</u>	<u>\$ 68,426</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to them. The Commission does not have a deposit policy for custodial credit risk; however, state law is designed to limit this risk. State law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent's financial institution. At June 30, 2020, the Commission's bank balance of demand deposit accounts was \$155,704 and was fully collateralized or FDIC insured and therefore, not exposed to custodial credit risk.

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

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, includes service charges due totaling \$2,726.

4. CAPITAL ASSETS

A summary of the Commission's capital assets at June 30, 2020 follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
Capital Assets				
Furniture, fixtures and equipment	\$ 9,159	\$ -	\$ -	\$ 9,159
Less accumulated depreciation	(8,317)	(722)	-	(9,039)
Total Capital Assets, net	<u>\$ 842</u>	<u>\$ (722)</u>	<u>\$ -</u>	<u>\$ 120</u>

5. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2020, includes vendor and payroll liabilities of \$320 and \$2,806, respectively.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

6. COMPENSATED ABSENCES

At June 30, 2020, the employee of the Commission had accumulated \$65,004 in annual leave benefits. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2020.

Compensated absences payable, beginning of year	\$	53,821
Additions		12,429
Deletions		<u>(1,246)</u>
Compensated absences payable, end of year	\$	<u>65,004</u>

7. CONCENTRATION OF REVENUES

The Commission received fee revenues based on a percentage of collected sales and use taxes, up to an established minimum, from the Red River Parish School Board, the Red River Parish Police Jury, the Red River Parish Sheriff, the Town of Coushatta and the Village of Hall Summit during fiscal year 2020.

These agencies are all within the Parish of Red River. This revenue is substantially all of the Commission's revenue that is recognized in the General Fund.

8. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of a notice, the amount paid shall be segregated and held by the Commission for a period of thirty days. If a suit is filed within 30 days, the segregated funds shall be held pending the outcome of the suit. If the taxpayer prevails, the Commission shall refund the amount due with interest from the date the funds were received by the Commission. There was \$13,988 in sales taxes paid under protest as of June 30, 2020. These amounts are held in escrow and reported in the Commission's agency fund.

9. LITIGATION AND CLAIMS

The Commission is involved in litigation as a defendant in numerous lawsuits and claims at June 30, 2020, totaling approximately \$18,400. This total is comprised of approximately \$14,000 of taxes paid in protest for which the balances have been escrowed and approximately \$4,400 of unprotested claims for which the taxpayers are seeking a refund and the amounts are not escrowed. Any non-escrowed claim for which the Commission is ordered to pay will be paid out of future collections or collectible from the respective taxing districts.

During the year ended June 30, 2020, there were no settled taxes paid in protest. Subsequent to June 30, 2020, taxes paid in protest totaling \$2,926 were settled. The Commission was released from the associated claim with the taxpayer being found to owe the Commission an additional \$2,612 in taxes (non-escrowed). These settlements have no impact on the financial statements as the protest taxes were included in an escrow account and available for settlement.

During the year ended June 30, 2020, other disputed taxes totaling \$91,299, that were not escrowed, were settled resulting in amounts owed to the respective taxpayers totaling the same amount. Since these claims were not originally paid under protest and escrowed, these settlements are funded by directly reducing distributions to taxing districts.

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

9. LITIGATION AND CLAIMS (continued)

Subsequent to June 30, 2020, the Commission filed a petition against a taxpayer for approximately \$157,000 plus interest and attorney fees for taxes deemed to be due to the Commission. Any gains received from the litigation would be contingent gains and not recognized until judgement is rendered in favor of the Commission.

In the opinion of the Commission's management and legal counsel, it is difficult to predict the outcome of the remaining unsettled claims and petitions. As such, no liability has been recorded for the unsettled claims.

10. EXPENDITURES OF THE TAX COMMISSION PAID BY THE PARISH COUNCIL

The Tax Commission is located in the parish courthouse complex. Expenditures for maintenance and operation of the parish courthouse complex, as required by state statute, are paid by the Red River Parish Police Jury and are not included in the accompanying financial statements.

11. CHANGE IN CASH AVAILABLE FOR SETTLEMENT – FIDUCIARY FUND

	<u>Current Collections</u>	<u>Protested Taxes</u>	<u>Total</u>
Cash available for settlement at July 1, 2019	\$ 54,438	\$ 13,103	\$ 67,541
COLLECTIONS			
Sales and use taxes	11,037,169	857	11,038,026
Interest	<u>845</u>	<u>28</u>	<u>873</u>
Total Collections	11,038,014	885	11,038,899
DISTRIBUTIONS AND COLLECTION COSTS			
Red River Parish School Board (2%)	4,582,223	-	4,582,223
Red River Parish Police Jury (1.5%)	3,436,671	-	3,436,671
Red River Parish Sheriff's Office (1.0%)	2,291,115	-	2,291,115
Town of Coushatta (1.0%)	557,624	-	557,624
Village of Hall Summit (1.0%)	<u>19,219</u>	<u>-</u>	<u>19,219</u>
Total Distributions	10,886,852	-	10,886,852
Settled disputes paid to taxpayers	<u>91,298</u>	<u>-</u>	<u>91,298</u>
Cost of collections	<u>59,864</u>	<u>-</u>	<u>59,864</u>
Cash available for settlement at June 30, 2020	<u>\$ 54,438</u>	<u>\$ 13,988</u>	<u>\$ 68,426</u>

**RED RIVER PARISH SALES & USE TAX COMMISSION
COUSHATTA LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

12. COLLECTIONS ON BEHALF OF THE TAXING AUTHORITIES

	Total Collections	Collection Costs	Non- escrowed Settlements	Final Distribution
Red River Parish School Board (2%)	\$ 4,646,166	\$ 25,516	\$ 38,427	\$ 4,582,223
Red River Parish Police Jury (1.5%)	3,484,629	19,137	28,821	3,436,671
Red River Parish Sheriff's Office (1.0%)	2,323,087	12,759	19,213	2,291,115
Town of Coushatta (1.0%)	564,670	2,370	4,676	557,624
Village of Hall Summit (1.0%)	19,462	82	161	19,219
Totals	\$11,038,014	\$ 59,864	\$ 91,298	\$10,886,852

The Commission distributes all sales and use taxes and interest collected each month to the respective entities less any funds paid under protest and interest, which are put in escrow accounts (see Note 8).

13. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through December 22, 2020, the date the financial statements were available to be issued, and determined that that following item required additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. The spread of the virus has adversely affected global business activities and has resulted in significant uncertainty in the global economy. The impact of the COVID-19 continues to evolve and has been marked by rapid changes and developments. The impact of the outbreak may be short-term or may last for an extended period of time. The extent to which the COVID-19 pandemic may directly or indirectly impact the Commission's financial condition or results of operations cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUND - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 94,304	\$ 94,686	\$ 94,650	\$ (36)
Interest income	400	785	782	(3)
Total Revenues	<u>94,704</u>	<u>95,471</u>	<u>95,432</u>	<u>(39)</u>
<u>EXPENDITURES</u>				
General Government:				
Employee salary and benefits	73,604	76,601	78,088	(1,487)
Travel	450	450	478	(28)
Operating services	14,233	15,193	14,422	771
Supplies	1,500	1,500	1,654	(154)
Professional services	14,900	15,500	15,000	500
Total Expenditures	<u>104,687</u>	<u>109,244</u>	<u>109,642</u>	<u>(398)</u>
<u>CHANGES IN FUND BALANCE</u>	<u>(9,983)</u>	<u>(13,773)</u>	<u>(14,210)</u>	<u>(437)</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>106,208</u>	<u>100,822</u>	<u>100,803</u>	<u>(19)</u>
End of year	<u>\$ 96,225</u>	<u>\$ 87,049</u>	<u>\$ 86,593</u>	<u>\$ (456)</u>

OTHER SUPPLEMENTARY INFORMATION

RED RIVER PARISH SALES AND USE TAX COMMISSION
COUSHATTA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Agency Head: Elaine Moore

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 58,081
Benefits - (Supplement and Insurance)	20,007
Car mileage	<u>478</u>
	<u>\$ 78,566</u>

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Red River Parish Sales & Use Tax Commission
Coushatta, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the fiduciary fund of the Red River Parish Sales & Use Tax Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 22, 2020

**RED RIVER PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of the Red River Parish Sales and Use Tax Commission (the Commission) as of and for the year June 30, 2020.
2. No material weaknesses were reported relating to the audit of the financial statements. No significant deficiencies in internal control are reported.
3. No instance of noncompliance material to the financial statements of the Commission was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

**RED RIVER PARISH SALES AND USE TAX COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2020**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

RED RIVER PARISH SALES AND USE TAX COMMISSION

REPORT TO MANAGEMENT

JUNE 30, 2020

December 22, 2020

Red River Parish Sales & Use Tax Commission
Coushatta, Louisiana

We have audited the financial statements of the Red River Parish Sales & Use Tax Commission (Commission), for the year ended June 30, 2020, and have issued our report thereon. As part of our audit, we evaluated the internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit, we became aware of an internal control matter that represents an opportunity for strengthening internal controls or operating efficiency. Our comments and suggestions regarding that matter is set forth below. The Commission's response to the matter identified below was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. This letter does not affect our reports dated December 22, 2020, on the financial statements, compliance and internal controls of the Commission.

CURRENT YEAR

MLC 2020-001 Segregation of Duties and Reconciliations (Recurring) (With Cause)

Criteria: Internal controls should be designed to prevent or detect and correct errors and unauthorized transactions. Internal controls should be established over tax collections to ensure that all tax payments are deposited timely, in agreement with the tax returns filed by the taxpayer and recorded properly in the general ledger. Internal controls should also be established to help ensure that all disbursements are authorized, within the governmental purpose of the Commission and budgetary appropriations. These control objectives are often accomplished by segregating the incompatible duties of authorizing the transaction, accounting and reconciliation duties and having access to the assets. Segregations of incompatible duties also reduces the potential for fraud or misappropriations.

Condition: The Administrator, the sole employee of the Commission, receives and enters sales and use tax return information into the collections system. She also makes the deposits or authorizes on-line batch deposits. She also records the activity in the general ledger and is responsible for reconciling the deposits and general ledger activity to the collections system. A single employee makes it difficult to segregate incompatible duties completely. To mitigate this, the Commission has implemented procedures involving members of the Board and other outside parties. Disbursements require dual signatures including the Administrator and one of the Board members with signatory authority. Further, a member of the Board periodically reviews and reconciles daily sales tax collections from the collections system to deposit records and bank activity. In addition, financial data including monthly tax collections, disbursements as well as significant other disbursements are reviewed in the quarterly board meetings.

Recommendation: We recommend that the Commission continue to perform the mitigating procedures and periodically assess the adequacy and effectiveness of those mitigating procedures.

Management's

Response: Management began the process several years ago to mitigate the lack of segregation of incompatible duties. Management will continue to perform the established procedures as well as periodically assess the adequacy and effectiveness of those mitigating procedures.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. Finally, we would also like to thank the Commission's Administrator for her cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Commission, management of the Commission and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 22, 2020