

Sabine Parish Sales and Use Tax Commission

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019



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Eugene W. Fremaux II

Certified Public Accountant

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2019

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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary fund of the Sabine Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary fund of the Sabine Parish Sales and Use Tax Commission as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 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 supplemental 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 Sabine Parish Sales and Use Tax Commission's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 October 29, 2020 on our consideration of Sabine Parish Sales and Use Tax Commission's internal control over financial reporting and our tests on its compliance with certain provision of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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.



EUGENE W. FREMAUX II, CPA
October 29, 2020

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

This section of the Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission's tax collections in 2019 increased by \$3,822,736 to \$25,399,912, from collections in 2018. Total current assets increased by \$208,505 to \$541,109 during 2019. Collection revenues increased by \$180,015 to \$612,033. Collection expenses increased by \$161,167 to \$423,475.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements are comprised of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

CONDENSED STATEMENT OF NET POSITION

	2019	2018
Current assets	\$ 584,475	\$ 332,604
Deferred outflow of pension resources	<u>168,725</u>	<u>-</u>
Total assets	<u>753,200</u>	<u>332,604</u>
Accounts payable and accrued expenses	10,486	9,168
Net pension liability	<u>225,226</u>	<u>-</u>
Total	235,712	9,168
Deferred inflow of pension resources	<u>5,495</u>	<u>-</u>
Net postion-unrestricted	<u>\$ 511,993</u>	<u>\$ 323,436</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION
AND ANALYSIS
DECEMBER 31, 2019

CONDENSED STATEMENT OF ACTIVITIES

	2019	2018
Charges for services	\$ 610,461	\$ 431,361
General revenues	<u>1,572</u>	<u>657</u>
Total revenues	<u>612,033</u>	<u>432,018</u>
Expenses		
General government	<u>423,475</u>	<u>262,308</u>
Change in net position	188,558	169,710
Net position-beginning of year	<u>323,435</u>	<u>153,725</u>
Net position-end of year	<u>\$ 511,993</u>	<u>\$ 323,435</u>

The increase in collection operating expenses in 2019 relates primarily to increased personnel costs due to changing retirement systems and outside auditing fees. The increase in collection operating revenues directly relates to the increase in tax collections. The increase in taxes collected is due primarily to increased oil and gas activity in the parish in 2019.

FINANCIAL ANALYSIS OF THE FUNDS

The fund balance of the general fund increased by \$250,554 to \$530,623 in 2019 primarily due to increased collection fees due to the increased sales taxes collected as discussed above.

ECONOMIC FACTORS

The Commission has no current knowledge of any economic conditions that could have significant adverse affects on sales tax collections or operating expenses during 2020, other than the negative impact of COVID-19 on sales tax collections.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Gay Corley, Chairman, 670 San Antonio Avenue, Many, LA 71449.

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS:	
Cash	\$ 583,786
Prepaid expenses	<u>689</u>
Total current assets	<u>584,475</u>
 DEFERRED OUTFLOWS OF RESOURCES:	
Pension	<u>168,725</u>
 LIABILITIES:	
Current liabilities:	
Accounts payable	4,443
Payroll liabilities	<u>6,043</u>
Total current liabilities	<u>10,486</u>
Noncurrent liabilities:	
Net pension liability	<u>225,226</u>
Total noncurrent liabilities	<u>225,226</u>
Total liabilities	<u>235,712</u>
 DEFERRED INFLOWS OF RESOURCES:	
Pension	<u>5,495</u>
 NET POSITION-unrestricted	 <u><u>\$ 511,993</u></u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES-GENERAL GOVERNMENTAL
YEAR ENDED DECEMBER 31, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
General Government	<u>\$ 423,475</u>	<u>\$ 610,461</u>	\$ -	\$ -	<u>\$ 186,986</u>
			General revenues:		
			Other		<u>1,572</u>
			Change in Net Position		188,558
			Net Position- December 31, 2018		<u>323,435</u>
			Net Position- December 31, 2019		<u>\$ 511,993</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUND

DECEMBER 31, 2019

ASSETS:	
Cash	\$ 583,786
Prepaid expenses	<u>689</u>
Total current assets	<u>584,475</u>
Total assets	<u>\$ 584,475</u>
LIABILITIES:	
Accounts payable	\$ 4,443
Payroll liabilities	<u>6,043</u>
Total liabilities	<u>10,486</u>
FUND BALANCE-UNASSIGNED	<u>573,989</u>
Total liabilities and fund balance	<u>\$ 584,475</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2019

Total Fund Balance of the Governmental Fund	\$ 573,989
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Amount reported for Governmental Activities
in the Statement of Net Position are different
because:

The following used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Fund Balance Sheet:

Deferred Outflows	168,725
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The following are not due and payable in the
current period and, therefore, are not reported in the
Governmental fund Balance Sheet:

Deferred Inflows of Resources	(5,495)
Net pension liability	<u>(225,226)</u>

Net Position of Governmental Activities	<u>\$ 511,993</u>
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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2019

REVENUES:	
Charges for services	\$ 610,461
Other	<u>1,572</u>
 Total Revenue	 <u>612,033</u>
EXPENDITURES:	
General Government	
Personnel expenses	191,097
Outside auditing fees	102,409
Professional fees	19,992
Computer services	12,792
Occupancy	11,860
Postage	5,966
Travel and meetings	6,021
Office supplies	4,806
Other	<u>6,536</u>
 Total expenditures	 <u>361,479</u>
 Excess of revenues over expenditures	 250,554
 Fund balance - beginning of year	 <u>323,435</u>
 Fund balance - end of year	 <u>\$ 573,989</u>

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

Net change in Fund Balance - Governmental Fund	\$ 250,554
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Amount reported for Governmental Activities
in the Statement of Activities are different
because:

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and, therefore, are not reported
as expenditures in the Governmental Funds:

Pension Expense	<u>(61,996)</u>
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Decrease in Net Position of Governmental Activities	<u>\$ 188,558</u>
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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

DECEMBER 31, 2019

ASSETS:

Cash	<u>\$ 438,760</u>
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LIABILITIES:

Unsettled deposits - Due to others	<u>\$ 438,760</u>
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SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

YEAR ENDED DECEMBER 31, 2019

	Agency Fund
ADDITIONS	
Sales tax receipts	\$ 25,502,376
Other	<u>-</u>
Total Additioms	<u>25,502,376</u>
DEDUCTIONS	
General Government	
Sabine Parish School Board	11,994,610
Sabine Parish Police Jury	4,798,468
Town of Many	1,499,477
Town of Zwolle	645,154
Village of Converse	73,128
Village of Florien	217,955
Village of Pleasant Hill	84,138
Sabine Parish Law District	3,596,923
Sabine Parish Tourist Commission	180,503
District Attorney	591,828
Sabine Council on Aging	1,209,731
Sabine Parish Sales Tax Commission	<u>610,461</u>
Total Deductions	<u>25,502,376</u>
Change in liabilities	<u>-</u>
Liabilities - beginning of year	<u>438,760</u>
Liabilities - end of year	<u>\$ 438,760</u>

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

(1) Introduction

The Sabine Parish Sales and Use Tax Commission (Commission), Many, Louisiana, was created on June 30, 1992 by the political subdivisions within Sabine Parish for the joint collection, enforcement, and administration of the sales and use taxes levied by these subdivisions. The Commission is managed by a Board of Commissioners composed of: two members appointed by the Sabine Parish Police Jury, two members appointed by the Sabine Parish School Board, one member appointed by the Town of Many, one member appointed by the Town of Zwolle, one member appointed by the Village of Florien, one member appointed by the Village of Pleasant Hill, and one member selected jointly by the police jury and the school board in accordance with Louisiana Revised Statute 47:337.14C(1).

The costs of establishing and operating the Commission are shared jointly by the taxing bodies on a pro-rata basis based on the ratio that the taxes collected for each taxing authority bears to the total taxes collected.

(2) Summary of significant accounting policies

Reporting entity

For financial reporting purposes, the Commission includes all funds that are within the oversight responsibility of the Commission.

Basis of presentation

Fiduciary Fund Type

Fiduciary Fund - This fund is used to account for assets held by the Commission in a trustee capacity or as an agent for the taxing authorities.

Basis of accounting

The accounting and reporting policies of the Commission conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements constitutes GAAP for governmental entities. The accounting and reporting policies of the Commission conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Governmental Audit Guide.

Government-Wide Financial Statements

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The Commission's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities for the Commission. Fiduciary activities of the Commission are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Commission's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

Direct Expenses - The Commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Commission reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function.

General revenues are taxes and other items that are not properly included among program revenues.

Fund Financial Statements

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

managerial requirements. Funds of the Commission are classified into two categories: governmental and fiduciary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

The governmental fund is accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as another financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Commission reports the following major governmental fund:

General Fund - The operating fund of the Commission, the General Fund, accounts for all financial resources. 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 policy.

Revenues

The governmental fund uses the following practices in recording revenues:

Those revenues susceptible to accrual are charges for services. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured, and the interest is available.

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Expenditures

The governmental fund uses the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as liabilities when earned by the employee. Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental fund uses the following practices in recording other financing sources (uses):

Sales of fixed assets and long-term debt proceeds and payments are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds

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

Equity Classifications

The Commission has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Commission did not have any nonspendable funds for the year ended December 31, 2019.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Fiduciary Assets and Liabilities reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Currently the Commission has only one item that qualifies for reporting in this category: deferred outflows related to pensions.

In addition to liabilities, the Statement of Fiduciary Assets and Liabilities reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until then. The Commission has only one item that qualifies for reporting in this category: deferred inflows related to pensions.

(3) Litigation and claims

The Commission is involved in litigation at December 31, 2019, involving taxpayer collection efforts, taxpayer refund requests that have been denied, and protested tax payments. At December 31, 2019 there were suits pending involving taxes paid under protest, amounting to \$115,571, which funds have been placed in an escrow account, and an offsetting liability recorded in taxes due others. In addition, the Commission has received refund requests, where lawsuits have been filed or litigation is expected, for taxes remitted without being paid under protest, and distributed to the respective taxing authorities. These refund requests have been settled as of October 29, 2020.

(4) Compensated absences

All employees earn 5 - 20 days of annual vacation leave per year depending on length of service with the Commission. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. No more than 10 days can be carried forward to the next year. Annual leave is paid upon termination of employment.

(5) Personnel costs

Prior to September 2018 the Commission's employees were paid by the Sabine Parish Police Jury (Jury) and the Jury is reimbursed by the Commission for the related payroll costs, including fringe benefits. In September 2018 the Commission began handling the employee payroll and joined the Louisiana Municipal Employees Retirement System of Louisiana, Plan A.

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description

Employees of the Sabine Parish Sales and Use Tax Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Municipal Employees Retirement System of Louisiana (MERS). MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

provisions. Certain employees of the Commission are members of Plan A. All permanent employees working at least 35 hours per week, who are not covered by another pension plan, and who are paid wholly or in part from Commission funds are eligible to participate in the System. MERS issues a publicly available financial report that is available for download at www.mersla.com.

Benefits Provided

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

1. Retirement

Employees of Plan A who were hired after January 1, 2013 can retire provided the member meets one of the following criteria: 1) Age 67 with seven (7) or more years of creditable service; 2) Age 62 with ten (10) or more years of creditable service; 3) Age 55 with thirty (30) or more years of creditable service; 4) Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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

2. Survivor Benefits

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

3. DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

based upon his account balance in that fund, or any other method of payment if approved by the board of the System's Plan. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

4. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

5. Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

6. Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions

Under Plan A, members are currently required to contribute (9.5%) of their annual covered salary to the system. The Commission contributes an actuarially determined rate, set at 26% of the member's covered salary for the year ended June 30, 2019 (27.75% for the year ended June 30, 2020). Contributions to the pension plan from the Commission were \$29,877 for the year ended December 31, 2019.

Non-Employer Contributions

According to state statute, MERS also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

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

At December 31, 2019, the Commission reported a liability of \$225,226 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Sabine Parish and Use Tax 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, 2019, The Commission's proportion was 0.053899%.

At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 0	\$ 5,495
Changes of assumptions	5,691	0
Net difference between projected and actual earnings on pension plan investments	22,338	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	126,796	0
Employer contributions subsequent to the Measurement date	<u>13,900</u>	<u>0</u>
Total	\$ <u>168,725</u>	\$ <u>5,495</u>

The \$13,900 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020. 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 Ending December 31.</u>	
2020	\$ 75,995
2021	68,606
2022	2,853
2023	1,876

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
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Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.0%, net of investment expense
Projected Salary Increases	6.4%
Mortality Rates	PubG-2010(B) Employee Table Set Equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with with the full generational MP2018 scale.
Expected Remaining Service Lives	3 year for Plan A
Cost of Living Adjustments	The present value of retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees of the System's Plan.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
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result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 7.0%. 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 Public Employee's Retirement Systems Actuarial Committee (PERSAC) 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.

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.0%, as well as what the employers proportionate share of the Net Position Liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1.0% Decrease (6.0%)	Current Discount Rate (7.0%)	1.0% Increase (8.0%)
Employer's proportionate share of the net pension liability	\$ 293,654	\$ 225,226	\$ 167,372

Support of Non-employer Contributing Entities

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. For the year ended June 30, 2019, the proportionate share of these monies received by the System on behalf of the Commission, was \$3,459.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Audit Report online at www.mersla.com.

(6) Compensation of commissioners

The commissioners' compensation or per diem during the year ended December 31, 2019 as follows:

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Bobby Williams	S 250
Glenn Arnold	250
Georgia Jett	2,650
Kenneth Ebarb	250
Gloria Ruffin	200
G. J. Martinez	250
Daron Chandler	150
Gay Corley	1,500

(7) Risk Management

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

(8) Cash

Louisiana Revised Statutes authorize the Commission to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Cash amounting to \$1,022,446 at December 31, 2019 consists of both non-interest and interest bearing bank accounts with area financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides \$500,000 of insurance, and the remainder \$522,446 is covered by pledged securities. Banks are required by R.S. 49:321 to pledge securities for deposits in excess of FDIC coverage. There was \$1,555,000 of pledged securities available to cover the deposit amount in excess of the FDIC insurance amount at December 31, 2019. Louisiana revised statutes requires the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Commission that the pledging bank has failed to pay deposited funds upon demand. At December 31, 2019, the Commission was not exposed to custodial credit risk.

Cash at year end in the amount of \$115,571 is restricted for taxes paid under protest.

SABINE PARISH SALES AND USE TAX COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Charges for services	\$ 483,400	\$ 483,400	\$ 610,461	\$ 127,061
Other	-	-	1,572	1,572
Total Revenue	<u>483,400</u>	<u>483,400</u>	<u>612,033</u>	<u>128,633</u>
EXPENDITURES:				
General Government	<u>391,267</u>	<u>391,267</u>	<u>361,479</u>	<u>29,788</u>
Total expenditures	<u>391,267</u>	<u>391,267</u>	<u>361,479</u>	<u>29,788</u>
Excess of revenues over expenditures	92,133	92,133	250,554	158,421
Fund balance - beginning of year	<u>323,435</u>	<u>323,435</u>	<u>323,435</u>	-
Fund balance - end of year	<u>\$ 415,568</u>	<u>\$ 415,568</u>	<u>\$ 573,989</u>	<u>\$ 158,421</u>

SABINE PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
DECEMBER 31, 2019

	<u>12/31/19</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.053899%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 225,226
Employer's Covered-Employee Payroll	\$ 99,777
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%

* The amounts presented have a measurement date of: 06/30/19

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

See Independent Auditor's Report

SABINE PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
DECEMBER 31, 2019

	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2019	\$ 25,942	\$ 25,942	\$ -	\$ 99,777	26%

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

See Independent Auditor's Report

SABINE PARISH SALES AND USE TAX COMMISSION
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
FOR THE YEAR ENDED DECEMBER 31, 2019

Changes in Benefit Terms include:

There were no changes of benefit assumptions for the year ended June 30, 2019.

Changes of Assumptions

The assumed investment rate of return for the year ended June 30, 2019 was decreased from 7.28% to 7.0%.

The inflation interest rate was decreased from 2.6% to 2.5% for the year ended June 30, 2019.

See Independent Auditor's Report

SABINE PARISH SALES AND USE TAX COMMISSION
MANY, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD
YEAR ENDED DECEMBER 31, 2019

Agency Head: Georgia Jett

<u>Purpose</u>	<u>Amount</u>
Per diem	\$2,650

Eugene W. Fremaux II

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INDEPENDENT AUDITOR'S 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*

The Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, 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 of Sabine Parish Sales and Use Tax Commission Sabine Parish Sales and Use Tax Commission, Many, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 29, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a stylized flourish at the end.

EUGENE W. FREMAUX II, CPA
October 29, 2020

SABINE PARISH SALES AND USE TAX COMMISSION
SCHEDULE OF FINDINGS
DECEMBER 31, 2019

Current year

None

Prior year

None

Eugene W. Fremaux II

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Sabine Parish Sales and
Use Tax Commission
Many, Louisiana

We have performed the procedures enumerated below, which were agreed to by Sabine Parish and Use Tax Commission (Entity) 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, 2019 through December 31, 2019. 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. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 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 (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Written policies for all of the above areas completed in 2019, no exceptions noted.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

Results: Only one payment location. No exception noted.

3. **Procedure:** For each location selected under #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The Commission does not use a requisition or purchase order system. All transactions tested were paid from an invoice approved by the Administrator.

The Commission does not have formal written policies and procedures regarding who is responsible for adding vendors to the purchasing/disbursement system. Due to the small number of vendors utilized by the Commission and the procedures for bill approval and payment, the Commission believes that controls in this area are adequate.

4. **Procedure:** For each location selected under #2 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

Results: No exceptions noted

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.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a long horizontal flourish extending to the right.

Eugene W. Fremaux II, CPA
October 29, 2020