

Lincoln Parish Sales And Use Tax Commission

Financial Statements
For the Year Ended June 30, 2018



Lincoln Parish Sales and Use Tax Commission
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For the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lincoln Parish Sales & Use Tax Commission
Ruston, Louisiana

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Lincoln Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2018, 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. 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Lincoln Parish Sales and Use Tax Commission, as of June 30, 2018, 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 budgetary comparison information on pages 3-6 and 20-21 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 Lincoln Parish Sales and Use Tax Commission's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 19 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information 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 statement 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standard's

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 19, 2018

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

The Management's Discussion and Analysis of the Lincoln Parish Sales And Use Tax Commission's (The Commission) financial performance presents a narrative overview and analysis of Lincoln Parish Sales And Use Tax Commission's financial activities for the year ended June 30, 2018. The document focuses on the current year's activities, resulting changes, and currently known facts within the context of the accompanying basic financial statements and disclosures. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Commission, on a government-wide basis, exceeded its liabilities at June 30, 2018 by \$26,352. Of this amount, \$9,665 is unrestricted. Assets exceeded liabilities by \$21,491 at June 30, 2017. Of this amount, \$1,124 was unrestricted.
- The Commission's total net position increased by \$4,861 for the fiscal year ended June 30, 2018. The Commission's total net position decreased by \$2,649 for the fiscal year ended June 30, 2017.
- The unassigned fund balance of the general fund was \$9,665 at June 30, 2018 and \$1,124 at June 30, 2017 or 3.48% and .39% of the total general fund expenditures, respectively.
- The general fund reported \$8,541 excess of revenues over expenditures at June 30, 2018. The general fund reported \$-0- excess/deficit of revenues over expenditures at June 30, 2017.
- The Commission remitted \$47,606,228 and \$45,230,086 in taxes and interest to its member agencies for the fiscal years ended June 30, 2018 and 2017. This represents an increase of \$2,376,142 or 5.25% increase from 2017, and a decrease of \$2,543,047, or 5.32% from the 2016 fiscal year, respectively.
- Operating expenses were approximately .58% and .64% of tax collections for the fiscal years ending June 30, 2018 and 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special purpose Governments engages in fiduciary activities, established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and analysis-for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

The basic financial statements present information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Positions, Statement of Activities, Balance Sheet – Governmental Funds, and Statement of Fiduciary Net Position.

The notes provide additional information that is essential to a full understanding of the basic financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Lincoln Parish Sales & Use Tax Commission as a whole using accounting methods similar to those used by private-sector companies. The statement of position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Commission's net position and how they have changed. Net Position – the difference between the Commission's assets and liabilities – are one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position are an indicator of whether its financial health is improving or deteriorating.

In the statement of position and the statement of activities, the Commission is reported in one category:

- Governmental activities – Most of the Commission's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Commission's most significant funds – not the Commission as a whole. Funds are accounting mechanisms that the Commission uses to keep track of specific sources of funding and spending for particular purposes.

The Commission has two kinds of funds:

- Governmental funds – Most of the Commission's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

subsequent page that explains the relationship (or differences) between the government-wide and fund statements.

- Fiduciary funds – Funds collected on behalf of others. The Commission collects and remits sales and use taxes for its member agencies.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL STATEMENTS ANALYSIS OF THE ENTITY

The following are condensed financial statements of the Commission:

Statement of Net Position

	June 30,	
	2018	2017
Assets		
Cash	\$ 20,579	\$ 8,973
Receivables	26,316	28,577
Capital Assets, net	16,687	20,367
Total Assets	\$ 63,582	\$ 57,917
Liabilities And Net Position		
Accounts Payable and Accrued Expenses	\$ 20,932	\$ 28,423
Internal Balances	16,298	8,003
Total Liabilities	37,230	36,426
Total Net Position	26,352	21,491
Total Liabilities and Net Position	\$ 63,582	\$ 57,917

**Lincoln Parish Sales And Use Tax Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Statement of Activities

	June 30,	
	2018	2017
Revenues		
Intergovernmental Revenues	\$ 139,605	\$ 145,117
Charges For Services	146,984	146,505
Total Revenues	286,589	291,622
Expenses		
Personnel Expenses	226,346	223,762
Professional Services	10,734	26,501
Operating Expenses	34,584	34,819
Travel	3,551	3,239
Depreciation	6,513	5,950
Total Expenses	281,728	294,271
Changes in Net Position	4,861	(2,649)
Net Position at beginning of year	21,491	24,140
Net Position at end of year	\$ 26,352	\$ 21,491

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Commission's investment in capital assets for its governmental activities as of June 30, 2018 and 2017 amounted to \$16,687 and \$20,367 and (net of depreciation). This investment includes computer equipment and furniture and fixtures. There is no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Sales tax collections have been fairly level for the past twelve months. Lincoln Parish is expecting this trend to continue, but we are unsure how long it will continue.

The 2019/2018 budget is \$355,063, which is an increase from 2018/2017 of \$12,045.

CONTACTING THE COMMISSION'S MANAGEMENT

This financial report is designed to provide a general overview of the Lincoln Parish Sales and Use Tax Commission's fiduciary activities. If you have questions about this report or need additional financial information, contact Denise Griggs, Administrator, at (318) 251-8624.

Lincoln Parish Sales and Use Tax Commission
Statement of Net Position
June 30, 2018

Assets	Governmental Activities	Total
Cash and Cash Equivalents	\$ 20,579	\$ 20,579
Receivables	26,316	26,316
Capital Assets, net of Depreciation	16,687	16,687
Total Assets	\$ 63,582	\$ 63,582
Liabilities and Net Position		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 20,932	\$ 20,932
Internal Balances	16,298	16,298
Total Liabilities	37,230	37,230
Net Position		
Invested in Capital Assets, Net of Related Debt	16,687	16,687
Unrestricted	9,665	9,665
Total Net Position	26,352	26,352
Total Liabilities and Net Position	\$ 63,582	\$ 63,582

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

Lincoln Parish Sales and Use Tax Commission
Statement of Activities
For The Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 281,728	\$ 146,984	\$ 139,605	\$ -	\$ 4,861	\$ 4,861
Total Governmental Activities	<u>\$ 281,728</u>	<u>\$ 146,984</u>	<u>\$ 139,605</u>	<u>\$ -</u>	<u>\$ 4,861</u>	<u>\$ 4,861</u>
 Total Primary Government	 <u>\$ 281,728</u>	 <u>\$ 146,984</u>	 <u>\$ 139,605</u>	 <u>\$ -</u>	 <u>\$ 4,861</u>	 <u>\$ 4,861</u>

General Revenues:

Interest Income	-	-
Miscellaneous	-	-
Total General Revenues	<u>-</u>	<u>-</u>
Changes in Net Position	4,861	4,861
Net Position - Beginning	21,491	21,491
Net Position - Ending	<u>\$ 26,352</u>	<u>\$ 26,352</u>

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

Lincoln Parish Sales and Use Tax Commission
Balance Sheet
Governmental Funds
For The Year Ended June 30, 2018

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 20,579	\$ 20,579
Due From Taxing Bodies	26,316	26,316
Total Assets	\$ 46,895	\$ 46,895
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 20,932	\$ 20,932
Due To Other Funds	16,298	\$ 16,298
Total Liabilities	37,230	37,230
Fund Balances		
Unassigned	9,665	9,665
Total Fund Balances	9,665	9,665
Total Liabilities and Fund Balances	\$ 46,895	

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

16,687

Net Assets of Governmental Activities

\$ 26,352

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

Lincoln Parish Sales and Use Tax Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

	General Fund	Total Governmental Funds
Revenues		
Intergovernmental	\$ 139,605	\$ 139,605
Charges for Services	146,984	146,984
Total Revenues	286,589	286,589
Expenditures		
General Government		
Personnel Services	226,346	226,346
Professional Services	10,734	10,734
Operating Expenses	34,584	34,584
Travel	3,551	3,551
Capital Expenditures	2,833	2,833
Total Expenditures	278,048	278,048
Excess (Deficit) of Revenues over Expenditures	8,541	8,541
Fund Balances, Beginning of Year	1,124	
Fund Balances, End of Year	\$ 9,665	
Net Changes in Fund Balances - Total Governmental Funds		8,541
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital assets purchased capitalized		2,833
Depreciation expense		(6,513)
		(3,680)
Changes in Net Assets in Governmental Activities		\$ 4,861

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

Lincoln Parish Sales and Use Tax Commission
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

Assets		
Cash and Cash Equivalents		\$ 480,296
Due From Other Funds		<u>16,298</u>
Total Assets		<u><u>\$ 496,594</u></u>
Liabilities		
Liabilities		
Due To Taxing Bodies		\$ 16,298
Sales Tax Paid Under Protest		<u>480,296</u>
Total Liabilities		<u><u>496,594</u></u>

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

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln-Ruston Sales and Use Tax Division was created as a joint venture of the City of Ruston and Lincoln Parish School Board in 1967 to serve as an agency for the collection of sales and use taxes levied by the two authorities. In 1975, the Lincoln Parish Police Jury became a participant in the venture. In 1992, the City of Grambling and the Town of Dubach became participating agencies in this venture. The Lincoln Parish Sales and Use Tax Commission (the Commission) was then created in December 1993. The Village of Choudrant became a participant in 2003. The Lincoln Parish Fire Protection District No. 1 was added in 2009. The Lincoln Parish Sheriff's Office was added in July, 2012.

The Cooperative Endeavor Agreement authorizes the Commission as the single tax collector for the parish, to enter into agreements with any other public bodies located within Lincoln Parish for the collection of any sales and use taxes and hotel/motel taxes authorized by such other public bodies, beginning January 1, 1994. The operations of the Commission are under the direction of an administrator appointed by the seven participating agencies. The appointment of the administrator can be revoked by a majority vote of the six agencies. The seven agencies established the Commission composed of nine members, two from the City of Ruston, Lincoln Parish School Board, and Lincoln Parish Police Jury, and one member each from the City of Grambling, Town of Dubach, Village of Choudrant.

The Commission has the authority and is empowered to collect, enforce and administer the respectable sales and use taxes and hotel/motel taxes of the various parties to this agreement. By mutual consent, these seven authorities and the Ruston/Lincoln Convention and Visitors Bureau share in the costs of operation of the Commission and is subsequently reimbursed, on a monthly basis, by the City of Ruston, Lincoln Parish School Board, Lincoln Parish Police Jury, City of Grambling, Town of Dubach, Village of Choudrant, the Ruston/Lincoln Convention and Visitors Bureau, and the Lincoln Parish Fire Protection District No. 1 for their prorate share each. The Commission generates no revenue, but is simply a conduit for revenues of the participating agencies.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November 1984, GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for the state and local government.

The Commission adopted the provisions of GASB Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, Statement No. 34 established standards for external reporting for all state and local governmental entities. The Commission is a special-purpose government. It is considered a joint cooperative endeavor of the participating governmental units and, therefore issues financial statements separate from the participants and their governmental components.

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Fund Accounting

The accounts of the Commission are organized on a fund basis whereby a set of self-balancing accounts comprises its assets, liabilities, additions, distributions, and other disbursements, and other disbursements.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The government-wide financial 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 liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

C. Cash and Cash Equivalents

For reporting purposes, cash represents interest bearing demand deposits. Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of any other state in the union, or the laws of the United States. Further, the Commission may invest in the deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principle offices in Louisiana.

D. Sales and Use Taxes – Distribution of Funds

Sales and use tax collections are distributed monthly based on the tax rates levied by each governmental body. At June 30, 2018, the following rates were in effect:

City of Ruston	2.50%
Lincoln Parish Police Jury	.75%
Lincoln Parish School Board	2.00%
City of Grambling	2.25%
City of Grambling EDD	.25%
Town of Dubach	1.00%
Village of Choudrant	1.25%
Lincoln Parish Fire District No. 1	.25%
Ruston/Lincoln CVB	4.00%
Lincoln Parish Sheriff's Office	.25%

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets with an original cost of at least \$500 are carried at cost. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 3 to 7 years for software, computer equipment, and furniture.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2018, the Commission's had cash equivalents (book balances) as follows:

Interest-bearing demand deposits	<u>\$500,875</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2018, are secured as follows:

Bank Balances	<u>\$518,687</u>
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The bank balances at June 30, 2018 were covered by Federal Deposit Insurance (FDIC). In addition, the financial institution has pledged securities of approximately \$4,860,776 held to cover account balances in excess of \$250,000 during each month.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – OPERATING EXPENSES

The Commission's employees are covered under the Lincoln Parish Police Jury's benefits and retirement systems. As discussed in Note 1, the seven participating agencies share the operating expenses of the Lincoln Parish Sales and Use Tax Commission on a pro rata basis. The operating expenses of the Commission for the 12 months ended June 30, 2018, were \$278,048, which is approximately .58% of tax collections.

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2018

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in Capital Assets during the fiscal year in Governmental Activities:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</u>
Furniture & Fixtures	\$ 11,500	\$ -	\$ -	\$ 11,500
Computer Software & Equipment	53,179	2,833	-	56,012
Vehicles	17,745	-	-	17,745
Total Fixed Assets	82,424	2,833	-	85,257
Accumulated Depreciation	62,057	-	6,513	68,570
Net Capital Assets	\$ 20,367	\$ 2,833	\$ 6,513	\$ 16,687

Governmental Activities depreciation for the fiscal year ended June 30, 2018 totaled \$6,513.

NOTE 5 – SCHEDULE OF TAX COLLECTIONS AND DISTRIBUTIONS

The following information is presented on cash basis for the fiscal year ended June 30, 2018:

<u>Taxing Authority</u> <u>and Rate (%)</u>	<u>Total</u> <u>To Be</u> <u>Distributed</u>	<u>Collection</u> <u>Costs</u>	<u>Final</u> <u>Distribution</u>
City of Ruston (2.50%)	\$ 15,290,154	\$ 45,305	\$ 15,244,849
Lincoln Parish Police Jury (.75%)	7,438,183	22,406	7,415,777
Lincoln Parish School Board (2.0%)	19,933,376	59,751	19,873,625
Lincoln Parish Sheriff's Office (.25%)	2,481,314	7,420	2,473,894
City of Grambling (2.50%)	617,674	1,845	615,829
Town of Dubach (1.0%)	127,527	365	127,162
Village of Choudrant (1.25%)	283,313	870	282,443
Lincoln Parish Fire District No. 1 (.25%)	826,087	2,414	823,673
Ruston/Lincoln Convention & Visitors Bureau (4.0%)	604,983	1,643	603,340
Totals	\$ 47,602,611	\$ 142,019	\$ 47,460,592

Lincoln Parish Sales And Use Tax Commission
Notes to Financial Statements
For The Year Ended June 30, 2018

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Commission from time to time is involved in disputes and litigation with taxpayers over the taxability of certain items. When taxes are paid under protest, the disputed funds are deposited in a separate bank account until the dispute is resolved. At June 30, 2018, the Commission held \$480,296 in protested tax remittances.

NOTE 7 – COLLECTION SERVICES FOR OTHER PARISHES

The Commission signed a tax collection agreement with Union Parish in November, 2010, and began collecting sales and use taxes in January, 2011. LPSUTC will receive a fee of 1% of collections for the calendar years 2012 thru 2018. Total fees collected during the fiscal year ended June 30, 2018 was \$146,984.

NOTE 8 - SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 19, 2018, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

Lincoln Parish Sales and Use Tax Commission
Schedule of Collections, Distributions, and Undistributed Balances
Fiduciary Funds
For The Year Ended June 30, 2018

Collections:

Sales and use tax	\$ 46,977,244
Hotel/Motel tax	604,883
Interest received	16,098
Total Collections	<u>47,598,225</u>

Distributions:

City of Ruston	15,244,849
Lincoln Parish Police Jury	7,415,777
Lincoln Parish School Board	19,873,625
Lincoln Parish Sheriff	2,473,894
City of Grambling	615,829
Town of Dubach	127,162
Village of Choudrant	282,443
Lincoln Parish Fire District No. 1	823,673
Ruston/Lincoln Convention & Visitors Bureau	603,340
Lincoln Council on Aging	3,617
Operating Expenses	142,019
Total Distributions	<u>47,606,228</u>

Collections Less Distributions (8,003)

Undistributed balances at beginning of year 456,050

Taxes Paid Under Protest 32,249

Undistributed balances at end of year \$ 480,296

See independent auditors' report.

Lincoln Parish Sales and Use Tax Commission
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Year Ended June 30, 2018

Schedule 2

Agency Head: Administrator

Denise
Griggs

Purpose:

Salary	\$ 57,637
Benefits - Payroll Taxes, Insurance, Retirement	18,000
Reimbursements	-
Total Compensation, Benefits and Other Payments	<u>\$ 75,637</u>

See independent auditors' report.

Lincoln Parish Sales and Use Tax Commission
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 195,018	\$ 131,064	\$ 139,605	\$ 8,541
Charges For Services	148,000	146,984	146,984	-
Total Revenues	343,018	278,048	286,589	8,541
Expenditures				
General Government				
Personnel Services	262,350	226,346	226,346	-
Professional Services	21,500	10,734	10,734	-
Operating Expenses	48,168	34,584	34,584	-
Travel	6,000	3,551	3,551	-
Capital Expenditures	5,000	2,833	2,833	-
Total Expenditures	343,018	278,048	278,048	-
Excess (Deficit) of Revenues over Expenditures	-	-	8,541	8,541
Fund Balances, Beginning of Year	1,124	1,124	1,124	-
Fund Balances, End of Year	\$ 1,124	\$ 1,124	\$ 9,665	\$ 8,541

See independent auditors' report.

Lincoln Parish Sales & Use Tax Commission
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2018

The Commission annually adopts a budget for the General Fund. All appropriations are legally controlled at the board level for the General Fund. On May 25, 2017, the District approved the original adopted budget reflected in the financial statements. One amendment was made for the year.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpected appropriations on annual budgets lapse at the end of each fiscal year.

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

Board of Commissioners
Lincoln Parish Sales and Use Tax Commission
Ruston, 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, and the aggregate remaining fund information, of the Lincoln Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lincoln Parish Sales and Use Tax Commission's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lincoln Parish Sales and Use Tax Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my 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 Lincoln Parish Sales and Use Tax Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Lincoln Parish Sales and Use Tax Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cameron Hines & Company (APAC)

West Monroe, Louisiana
December 19, 2018

**Lincoln Parish Sales & Use Tax Commission
Schedule of Findings and Responses
For The Year Ended June 30, 2018**

Section II- Financial Statement Findings

There were no findings for the fiscal year ended June 30, 2018.

Section III-Federal Award Findings and Responses

This section is not applicable for this entity.

**Lincoln Parish Sales & Use Tax Commission
Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

Internal Control and Compliance Material to the Financial Statements

There were no findings for the year ended June 30, 2017.

Management Letter

No management letter was issued.

**Lincoln Parish Sales & Use Tax Commission
Management's Corrective Action Plan
For The Year Ended June 30, 2018**

Section II- Financial Statement Findings

There were no findings for the fiscal year ended June 30, 2018.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Lincoln Parish Sales and Use Tax Commission (Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Commission's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Commission's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Commission's operations):¹
 - 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.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

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 of statements, 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) **Ethics²**, 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 Commission'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.

Findings: No exceptions noted.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Commission's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: No exceptions noted.

Collections

3. Obtain a listing of deposit sites⁵ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings: We obtained the listing and management's representation.

4. For each deposit site selected, obtain a listing of collection locations⁶ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: No exceptions noted.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant THE COMMISSION operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ A deposit site is a physical location where a deposit is prepared and reconciled.

⁶ A collection location is a physical location where cash is collected. An THE COMMISSION may have one or more collection locations whose collections are brought to a deposit site for deposit.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: No exceptions noted.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁷. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 18, 2018

⁷ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.