

**Webster Parish Sales and Use Tax
Commission**

Minden, Louisiana

Annual Financial Report

December 31, 2019

Webster Parish Sales and Use Tax Commission
Minden, Louisiana

Annual Financial Report
As of and for the Year Ended December 31, 2019

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Webster Parish Sales and Use Tax Commission
Minden, Louisiana

Annual Financial Report
As of and for the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions on pages 5-11 and 50-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Wise Martin & Cole LLC

Minden, Louisiana
September 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION
(PART I)

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

Our discussion and analysis of the Webster Parish Sales and Use Tax Commission's (the Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

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

- The Commission's net position decreased by \$75,771.
- As of the close of the current fiscal year, the unrestricted net position of the Commission reported a deficit of \$366,697, largely due to long term liabilities recognized for OPEB and pension obligation.
- The Commission's program revenues for the year ended December 31, 2019 was \$443,165, comparable to prior year amounts of \$438,980.
- Cash sales tax collections in 2019 were less than last year by \$513,755.

New significant accounting standards

For the fiscal year ended December 31, 2019, the Commission adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placement* defines debt for the purposes of disclosure in the notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of the governments, including direct borrowings and direct placements.

The adoption of this standard had no impact on the Commission's government-wide and fund financial statements.

USING THIS ANNUAL REPORT

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

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

Our auditor has provided assurance in the Independent Auditors' Report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the required supplementary information, the supplementary information, and other information. A user of this report should read the Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

Reporting the Webster Parish Sales and Use Tax Commission's Most Significant Funds

Fund Financial Statements

The Commission report all of its activity in one governmental fund which uses the following approach:

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

The Commission as Trustee

The Commission is the trustee, or fiduciary, for the collections of sales tax and occupational license fees. The Commission's fiduciary activities are reported on a separate Statement of Fiduciary Assets and Liabilities on page 20. We exclude these activities from the Commission's other financial statements because the Commission cannot use these assets to finance its operations. The Commission is responsible for ensuring that the assets are reported in these funds are used for their intended purpose.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

THE WEBSTER PARISH SALES AND USE TAX COMMISSION AS A WHOLE

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

Table 1
Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 928,793	\$ 698,768	\$ 230,025
Capital assets, net of depreciation	<u>23,244</u>	<u>29,309</u>	<u>(6,065)</u>
Total assets	<u>952,037</u>	<u>728,077</u>	<u>223,960</u>
 Deferred outflows	 <u>163,222</u>	 <u>63,093</u>	 <u>100,129</u>
Other liabilities	290,915	27,278	263,637
Long-term liabilities	<u>1,154,813</u>	<u>1,007,340</u>	<u>147,473</u>
Total liabilities	<u>1,445,728</u>	<u>1,034,618</u>	<u>411,110</u>
 Deferred inflows	 <u>36,228</u>	 <u>47,478</u>	 <u>(11,250)</u>
 Net Position			
Net investment in capital assets	23,244	29,309	(6,065)
Unrestricted	<u>(389,941)</u>	<u>(320,235)</u>	<u>(69,706)</u>
Total net position	<u>\$ (366,697)</u>	<u>\$ (290,926)</u>	<u>\$ (75,771)</u>

Net position of the Commission's governmental activities for December 31, 2019 was a deficit of \$(366,697). Unrestricted net position that is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$(389,941).

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

Table 2
Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 441,214	\$ 437,075	\$ 4,139
Operating grants/contributions	1,951	1,905	46
General revenues			
Interest earned	<u>7,429</u>	<u>6,148</u>	<u>1,281</u>
Total revenues	<u>450,594</u>	<u>445,128</u>	<u>5,466</u>
Expenses:			
General government			
Office expense	89,454	73,354	16,100
Personnel services	359,014	319,084	39,930
Insurance expense	3,450	4,133	(683)
Legal and audit expense	53,643	39,486	14,157
Travel expense	5,276	7,762	(2,486)
Utilities	7,420	6,723	697
Maintenance and repairs	2,043	1,886	157
Depreciation	<u>6,065</u>	<u>6,367</u>	<u>(302)</u>
Total expenses	<u>526,365</u>	<u>458,795</u>	<u>67,570</u>
Change in net position	(75,771)	(13,667)	(62,104)
Net position, beginning	(290,926)	124,924	(415,850)
Prior period adjustment	<u>-</u>	<u>(402,183)</u>	<u>402,183</u>
Net position, restated	<u>(290,926)</u>	<u>(277,259)</u>	<u>(13,667)</u>
Net position, ending	\$ <u>(366,697)</u>	\$ <u>(290,926)</u>	\$ <u>(75,771)</u>

Governmental Activities

This year's revenues were comparable to last year's revenues increasing by approximately 1.2% over last year.

The cost of all governmental activities this year was \$526,365, which was \$67,570 higher than last year's program expenses of \$458,795. As detailed above in Table 2, the top 3 areas of increase occurred in office expense, personnel services, and legal and audit expense. Office expense includes over \$9,000 in additional software costs, while personnel services record increases in OPEB of \$19,207, retirement of \$15,779, and salaries and taxes of \$5,056.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
 December 31, 2019

THE WEBSTER PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds reported a fund balance of \$642,725; a decrease of \$28,765, over the fund balance of \$671,490.

Total revenues received for the year ended December 31, 2019 was \$448,643, which was slightly more than last year's revenues of \$443,223.

Total expenditures for the year ended December 31, 2019 was \$23,248 higher than the prior year's expenditures. While there was no capital outlay in the current year, both office expenses and legal/audit expenses were higher by \$16,100 and \$14,157 respectively. Office expenses included more software costs, and with the Commission continuing its collection efforts, incurred more legal fees. Personnel costs were \$4,694 less than prior year due to a decrease in the retirement expense. The required retirement contribution rate decreased from 26.7%, in effect on Jan 1, 2019 to 26.0% in effect on July, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commission made one amendment to the original 2019 budget to update the beginning fund balance. No changes were made to proposed revenues and expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2019, the Commission had \$23,244 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$6,065, or 26%, over last year.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Equipment	\$ 144,399	\$ 152,445	\$ (8,046)
Furniture and fixtures	19,309	19,309	-
Total	163,708	171,754	(8,046)
Less accumulated depreciation	(140,464)	(142,445)	1,981
Net capital assets	\$ <u>23,244</u>	\$ <u>29,309</u>	\$ (6,065)

DEBT

The Commission has been able to operate without obtaining debt. See Notes 7, 8 and 10 for further details on the long-term obligations of the Commission.

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Our elected and appointed officials and citizens consider many factors when setting the Webster Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. Sales tax collection fees make up the majority of our total revenues. We have budgeted little change in revenue and expenditures for the year ending December 31, 2020.

CONTACTING THE SALES AND USE TAX COMMISSION'S FINANCIAL MANAGEMENT

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

BASIC FINANCAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 621,896
Investments	275,327
Accounts receivable	9,192
Due from agency fund	14,892
Prepaid assets	7,486
Capital assets (net)	23,244
TOTAL ASSETS	<u>952,037</u>
DEFERRED OUTFLOWS	
Deferred outflows on pension	55,121
Deferred outflows on OPEB	108,101
TOTAL DEFERRED OUTFLOWS	<u>163,222</u>
LIABILITIES	
Accounts payable, salaries and other payables	14,746
Unearned revenue	271,322
Long term liabilities	
Due within one year	4,847
Due in more than year	15,330
OPEB liability	665,482
Net pension liability	474,001
TOTAL LIABILITIES	<u>1,445,728</u>
DEFERRED INFLOWS	
Deferred inflows on pension	<u>36,228</u>
NET POSITION	
Invested in capital assets, net of related debt	23,244
Unrestricted	<u>(389,941)</u>
TOTAL NET POSITION	<u>\$ (366,697)</u>

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Activities
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (Expenses) Revenue</u>
		Charges for <u>Services</u>	Operating grants and <u>contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General government	\$ 526,365	\$ 441,214	\$ 1,951	\$ (83,200)
Total governmental activities	<u>526,365</u>	<u>441,214</u>	<u>1,951</u>	<u>(83,200)</u>
 Total	 <u>\$ 526,365</u>	 <u>\$ 441,214</u>	 <u>\$ 1,951</u>	 <u>\$ (83,200)</u>
 General revenues:				
Interest				<u>7,429</u>
Total general revenues				<u>7,429</u>
Change in net position				(75,771)
Net position - beginning				<u>(290,926)</u>
Net position - ending				<u>\$ (366,697)</u>

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Balance Sheet - Governmental Fund
December 31, 2019

	General Fund
ASSETS	
Cash	\$ 621,896
Investments	275,327
Receivables	9,192
Due from agency fund	14,892
Prepaid items	<u>7,486</u>
 TOTAL ASSETS	 <u>\$ 928,793</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 14,746
Unearned revenue	<u>271,322</u>
 TOTAL LIABILITIES	 <u>286,068</u>
 FUND BALANCE	
Nonspendable - prepaid items	7,486
Unassigned	<u>635,239</u>
 TOTAL FUND BALANCE	 <u>642,725</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 928,793</u>

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2019

Fund Balance, Total Governmental Fund (Statement C) \$ 642,725

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

Costs of capital assets	\$ 163,708	
Depreciation expense to date	<u>(140,464)</u>	23,244

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

Deferred outflows on OPEB		108,101
Deferred outflows on pension		55,121
Deferred inflows on pension		<u>(36,228)</u>

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

Compensated absences payable	(20,177)	
OPEB liability	(665,482)	
Pension liability	<u>(474,001)</u>	<u>(1,159,660)</u>

Net Position of Governmental Activities (Statement A) \$ (366,697)

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

STATEMENT E

WEBSTER PARISH SALES AND USE TAX COMMISSION

Governmental Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	General Fund
REVENUES	
Collection fees	\$ 439,139
Interest	7,429
Other	2,075
TOTAL REVENUES	<u>448,643</u>
EXPENDITURES	
Current -	
General government:	
Office expense	89,454
Personnel services	316,122
Insurance expense	3,450
Legal and audit expense	53,643
Travel expense	5,276
Utilities	7,420
Maintenance and repairs	<u>2,043</u>
TOTAL EXPENDITURES	<u>477,408</u>
Net Change in Fund Balance	(28,765)
FUND BALANCE - BEGINNING	<u>671,490</u>
FUND BALANCE - END OF YEAR	<u>\$ 642,725</u>

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balance, Governmental Fund (Statement E) \$ (28,765)

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

Capital outlays	\$ -	
Depreciation	<u>(6,065)</u>	(6,065)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned, \$27,125, was less than the amounts used (\$29,367), by \$2,766.

2,242

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

2,693

Changes in the Net OPEB liability related to other post employment benefits (OPEB), which is based on an actuarial valuation results in increase or decrease to health benefits reported in the Statement of Activities. For fiscal year 2018, the effect of these adjustments resulted in an increase in health insurance expense reported in the Statement of Activities

(45,876)

Change in Net Position of Governmental Activities (Statement B)

\$ (75,771)

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Resources (inflows)				
Local sources:				
Collection fees	\$ 440,508	\$ 440,508	\$ 439,139	\$ (1,369)
Interest	-	-	7,429	7,429
Other	-	-	2,075	2,075
	<u>440,508</u>	<u>440,508</u>	<u>448,643</u>	<u>8,135</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
General government:				
Office expense	77,976	77,976	89,454	(11,478)
Personnel services	325,800	325,800	316,122	9,678
Insurance expense	3,000	3,000	3,450	(450)
Legal and audit expense	43,500	43,500	53,643	(10,143)
Travel expense	7,500	7,500	5,276	2,224
Utilities	7,464	7,464	7,420	44
Maintenance and repairs	2,100	2,100	2,043	57
Capital outlay	3,120	3,120	-	3,120
	<u>470,460</u>	<u>470,460</u>	<u>477,408</u>	<u>(6,948)</u>
Total charges to appropriations				
Net Change in Fund Balance	(29,952)	(29,952)	(28,765)	1,187
BUDGETARY FUND BALANCE, BEGINNING	<u>616,226</u>	<u>671,490</u>	<u>671,490</u>	<u>-</u>
BUDGETARY FUND BALANCE, ENDING	<u>\$ 586,274</u>	<u>\$ 641,538</u>	<u>\$ 642,725</u>	<u>\$ 1,187</u>

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
December 31, 2019

	<u>Agency Fund</u>
ASSETS	
Sales tax receivable	<u>\$ 3,267,914</u>
TOTAL ASSETS	<u><u>\$ 3,267,914</u></u>
LIABILITIES	
Due to governments agencies	\$ 3,253,022
Due to general fund	<u>14,892</u>
TOTAL LIABILITIES	<u><u>\$ 3,267,914</u></u>

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is currently comprised of eleven members, one appointed by each taxing body. Taxing bodies added after the original commission was formed, include the Webster Parish Sheriff, Village of Doyline, and Webster Parish Convention and Visitors Commission, each with representation on the Commission. The Town of Cullen was not represented on the board for 2019. Each Commissioner will have one vote. Commissioners serve without compensation.

The Commission is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, set its own rates or charges, and issue bonded debt. The Commission also has no component units as other legally separate organizations for which the appointed Commission members are financially accountable.

B. FUNDS

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

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

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The fund and a description of each existing fund type follow:

Governmental Funds

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

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

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission. Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity. Agency funds include:

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

Occupational Tax Collection Agency fund - accounts for occupational tax monies collected on behalf of other taxing authorities within the parish.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

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

Program revenues Program revenues include 1) charges for services provided and 2) operating grants and contributions. Program revenues reduce the cost of the function to be financed from the

Webster Parish Sales & Use Tax Commission
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Commission's general revenues. Charges for services are primarily derived from collection fees of 1.4% of amounts collected. Operating grants and contributions consist of non-employer contributions to the pension plan.

Allocation of indirect expenses Indirect expenses not allocated to functions are reported separately in the Statement of Activities. The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Although separately reported on the Statement of Activities, depreciation expense is considered a direct expense of the general government.

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

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

Revenues

- Fees for the collection of sales and use taxes are susceptible to accrual.
- Interest income is recorded monthly as interest is earned.
- Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

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Expenditures

Salaries are recorded as earned.

Other Financing Sources (Uses)

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

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

D. DEPOSITS AND INVESTMENTS

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

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

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

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

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

<u>Type of Investment</u>	<u>Level 2</u>
Louisiana Asset Management Pool (LAMP)	\$ 275,327

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

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

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

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

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

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

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

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosures using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 30 days as of December 31, 2019.

Foreign currency risk: Not applicable.

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

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

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

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130 or contact by phone at 800-249-5267.

E. PREPAID ASSETS

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

F. CAPITAL ASSETS

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

G. UNEARNED REVENUE

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

H. COMPENSATED ABSENCES

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

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Carrying Annual Vacation Leave Forward:

- a. Earned annual leave not taken by an employee may be accumulated up to 30 days and carried forward into the next calendar year. Employees may not take more than 30 days at one given time except with approval by the Commission.
- b. Upon separation from service, payment for the accrued annual vacation leave up to the days of separation shall be paid. The rate of pay shall be computed on the basis of the rate the employee is receiving at the time of separation.
- c. Upon death, annual vacation leave accrued to employees' credit shall be computed and the value thereof shall be paid to his or her heirs, except that such payment for accrued leave shall not exceed thirty (30) days. The rate of pay shall be computed on the basis of the rate the employee was receiving at the time of his or her death.

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

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

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

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

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

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

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

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- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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

I. PENSIONS

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

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has two items that qualify for reporting in this category. The Statement of Net Position reports the Commission's proportionate share of the deferred outflows of resources related to pensions and other post-employment benefits (OPEB). See Notes 7 and 8 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has one item that qualifies for reporting in this category. The Statement of Net Position reports the Commission's proportionate share of the deferred inflows of resources related to pensions. See Note 7 for more information.

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K. FUND BALANCE OF FUND FINANCIAL STATEMENTS

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

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

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

Committed: Fund balance that can only be used for specific purposes determined by the Board of the Commission, the highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

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

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

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

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

L. USE OF ESTIMATES

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

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M. ELIMINATION AND RECLASSIFICATIONS

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize “grossing up” effect on assets and liabilities within the governmental activities column. Interfund services provided or used are not eliminated in the process of consolidation.

N. BUDGETS

General Budget Policies

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

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

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

Appropriations (unexpended budget balances) lapse at year end.

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

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

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

State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a

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fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

The General fund had an excess of expenditures over appropriations:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 470,460	\$ 477,408	\$ (6,948)

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2019, the Commission had the following investments:

<u>Investment type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Concentration of Credit Risk</u>
Louisiana Asset Management Pool (LAMP)	Less than 1 year	\$ 275,327	100%

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission's carrying amount of deposits was \$621,896 and the bank balance was \$635,338.

These deposits are reported as follows:

Statement A – Cash & cash equivalents	\$ 621,896
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Of the bank balance, \$250,000 was collateralized with FDIC Insurance. The remaining balance of \$385,338 was collateralized by pledged securities. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

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

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

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

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NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable of \$3,267,914 is reported in the fiduciary fund. No allowance for doubtful accounts was established as the full amount will be collected. Accounts receivable of \$9,192 is reported in the General fund. This amount represents amounts due from businesses for insufficient checks issued in 2019.

NOTE 4 – CAPITAL ASSETS

The changes in capital assets of governmental activities follow:

	Balance			Balance
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Equipment	\$ 152,445	\$ -	\$ (8,046)	\$ 144,399
Furniture and fixtures	<u>19,309</u>	-	-	<u>19,309</u>
Total	171,754	-	-	163,708
Less accumulated depreciation	<u>(142,445)</u>	<u>(6,065)</u>	<u>8,046</u>	<u>(140,464)</u>
Capital assets, net	<u>\$ 29,309</u>	<u>\$ (6,065)</u>	<u>\$ -</u>	<u>\$ 23,244</u>

NOTE 5 – ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables at December 31, 2019, are as follows:

Accounts payable to vendors	\$ 7,203
Payroll liabilities	4,246
Retirement and insurance payable	<u>3,297</u>
Total accounts payable	\$ <u>14,746</u>

NOTE 6 – COMPENSATED ABSENCES

At December 31, 2019, employees of the Commission have accumulated and vested \$20,177 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 7 – TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

Plan Description

Employees of the Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the

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Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly-available financial report that can be obtained at www.trsl.org.

Benefits Provided

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

Retirement Benefits:

1. NORMAL RETIREMENT

Regular Plan – Members initially hired on or after July 1, 2015 may retire with a 2.5% accrual rate after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with at least 20 years of service at any age. Members whose first employment makes them eligible for membership in a Louisiana state retirement system between January 1, 2011 and June 30, 2015 may retire with a 2.5% accrual rate after attaining age 60 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members, if initially hired between July 1, 1999 and December 31, 2010, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

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

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

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable benefit factor, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month

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period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

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

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

2. DEFERRED RETIREMENT OPTION PROGRAM (DROP)

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

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

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

3. DISABILITY BENEFITS

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

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

4. SURVIVOR BENEFITS

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

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

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

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Optional Retirement Plan (ORP)

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

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

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

Employer Contributions

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

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

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

The Commission's contractually required composite contribution rate for the year ended December 31, 2019 was 26.7% through June 30, 2019, and decreased to 26.0% of annual payroll on July 1, 2019, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the Commission were \$51,013 for the year ended December 31, 2019.

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

At December 31, 2019, the employer reported a liability of \$474,001 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 obligation was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Commission's proportion was .00478%, which was a decrease of .00004% from its proportion measured as of June 30, 2018.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

For the year ended December 31, 2019, the Commission recognized pension expense of \$50,271.

At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 14,813
Net difference between projected and actual earnings on pension plan investments	-	17,544
Change in assumption	33,697	-
Change in proportionate share from beginning net pension liability and from collective deferred inflows	-	3,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	818
Employer contributions subsequent to the measurement date	<u>21,424</u>	<u>-</u>
Total	<u>\$ 55,121</u>	<u>\$ 36,228</u>

The Commission reported \$21,424 as deferred outflows of resources related to pensions, which represent Commission contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 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 ended</u>	
2020	\$ 706
2021	(9,775)
2022	2,090
2023	4,448

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.55% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.3% - 4.8% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	<p>Active member – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p>Non-disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.</p> <p>Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and 1.134 for females</p> <p>These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.</p>
Termination and disability	Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012 – June 30, 2017) experience study of the System’s members.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation rate of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.48% for 2019. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.0%	4.60%
International equity	19.0%	5.70%
Domestic fixed income	13.0%	1.69%
International fixed income	5.5%	2.10%
Private Equity	25.5%	8.67%
Other Private Assets	10.0%	3.65%

Discount Rate

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan'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.

The discount rate used in June 30, 2018 net pension liability valuation decreased from the 7.70% used in the June 30, 2017 valuation to 7.65%. The discount rate was reduced in accordance with the System's Board adopted plan to reduce the discount rate to 7.5% in .05% annual increments. This change was

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

anticipated in the prior valuation when determining the projected contribution requirements for the fiscal year 2019.

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

The following presents the employer’s proportionate share of the net pension liability using the discount rate of 7.55%, as well as what the employer’s proportionate share of the net pension obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.55%) or one percentage-point higher (8.55%) than the current rate:

	<u>Changes in discount rate</u>		
	1%	Current	1%
	decrease	rate	increase
	<u>6.55%</u>	<u>7.55%</u>	<u>8.55%</u>
Employer’s proportionate share of the net pension liability	\$630,964	\$ 473,001	\$ 341,706

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2019, the Commission recognized revenue as a result of support received from non-employer contributing entities of \$1,951 for its participation in TRSL.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRSL 2019 Comprehensive Annual Financial Report at www.trsl.org.

Payables to the Pension Plan

At December 31, 2019, the Commission had a liability of \$4,312 to the Teachers’ Retirement System of Louisiana for the December 2019 employee and employer legally required contributions.

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan description The Commission’s OPEB plan is a single-employer defined benefit “substantive plan” as understood by past practices of the Commission and its employees. The Commission maintains the authority to establish and amend plan benefit provisions and determine contribution rates of the Commission and plan members. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. Substantially all of the Commission's employees become eligible for these benefits once they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission. The OPEB plan does not issued a stand-alone financial report. The Commission provides medical, dental and life insurance benefits to eligible retirees.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The plan is currently financed on a "pay as you go basis" with the Commission contributing \$5,720 for one retiree for the year ended December 31, 2019.

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	3
Total	4

Total OPEB Liability – The Commission’s total OPEB liability of \$665,482 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
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Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Discount Rate	2018 - 4.10% (1.10% real rate of return plus 3.00% inflation) 2019 – 2.74%
Health Care Cost Trend	Level annual rate of 5.00% for medical and 2.00% for dental
Mortality	2018 - RPH-2014 Total Table with Projection MP-2018 2019 – updated to MP-2019 scale
Salary Scale	3.50%

The December 31, 2018 valuation results were rolled forward. The change in the discount rate from 4.10% to 2.74% was assumed to be significant so this change is reflected in the projected Net OPEB liability as of December 31, 2019. The mortality projection assumption was update to the MP-2019 scale from the MP-2018 scale used in the December 31, 2018 valuation.

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. This is one of the indices acceptable under GASB 75.

Changes in the Total OPEB Liabilities:

	<u>Total OPEB Liability</u>
Balance at January 1, 2019	\$ 511,505
Changes for the year:	
Service Cost	10,311
Interest	21,259
Changes in assumption	129,010
Benefit payments	<u>(6,603)</u>
Net Changes	<u>153,977</u>
Balance at December 31, 2019	\$ <u>665,482</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>1.74%</u>	<u>2.74%</u>	<u>3.74%</u>
Net OPEB Liability	\$ 811,315	\$ 665,482	\$ 552,053

Sensitivity of the Total OPEB Liability to changes in the Healthcare cost trend rates – The following presents the total OPEB liability of the Commission, as well as what the Commission’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	<u>Changes in Healthcare Cost Trend Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net OPEB Liability	\$ 541,556	\$ 665,482	\$ 828,3700

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended December 31, 2019, the City recognized OPEB expense of \$45,876. At December 31, 2019, the Commission reported deferred outflows of resources related to OPEB from changes in assumptions in the amount of \$108,101.

Amorts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended Dec 31,</u>	
2020	\$ 20,909
2021	20,909
2022	20,909
2023	20,909
2024	20,909
2025	3,556

NOTE 9 – CAPITAL AND OPERATING LEASES

The Commission records items under capital leases as an asset and an obligation in the accompanying financial statements. The Commission did not have any capital leases during the fiscal year ended

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

December 31, 2019. Therefore, there are no future minimum lease payments under capital leases or present value of the net minimum lease payments as of December 31, 2019.

The commission has operating leases and rental expense as follows:

	Governmental <u>Activities</u>
Equipment:	
Ricoh MPC3504 Copier - \$151.98/month for 48 months	\$ <u>1,216</u>
Total rental expense	\$ <u>1,216</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	<u>Equipment</u>
2020	\$ 1,824
2021	1,824
2022	1,824
2023	<u>608</u>
Total	\$ <u>6,080</u>

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2019:

	Beginning			Ending	Due within
Governmental activities:	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>one year</u>
Compensated absences	\$ <u>22,419</u>	\$ <u>27,125</u>	\$ <u>29,367</u>	\$ <u>20,177</u>	\$ <u>4,847</u>
Total	\$ <u>22,419</u>	\$ <u>27,125</u>	\$ <u>29,367</u>	\$ <u>20,177</u>	\$ <u>4,847</u>

The General fund is used to liquidate long-term liabilities.

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at December 31, 2019, were for amounts owed to the General fund for collection fees on 2019 revenues collected and paid after the year end:

	Payable
	Agency fund –
<u>Receivable</u>	<u>Sales Tax</u>
General fund	\$ <u>14,892</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

NOTE 12 – AGENCY FUND DEPOSITS DUE OTHERS

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

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Sales tax collections	\$ 2,896,326	\$ 30,848,259	\$ 30,476,671	\$ 3,267,914
Occupational license fees	<u> -</u>	<u> 236,704</u>	<u> 236,704</u>	<u> -</u>
Total	<u>\$ 2,896,326</u>	<u>\$ 31,084,963</u>	<u>\$ 30,713,375</u>	<u>\$ 3,267,914</u>

The following is a detail of changes in Agency fund deposits due others for the collections and payments made to local governmental entities for sales tax collections during the year ended December 31, 2019:

Balance, Beginning	\$ 2,896,326
<u>Receipts:</u>	
Sales tax collections	30,848,259
<u>Disbursements:</u>	
Webster Parish School Board	14,013,851
Webster Parish Police Jury	3,075,679
Webster Parish Sheriff	3,075,669
Webster Parish Tourism Commission	181,801
City of Minden	5,963,294
City of Springhill	2,496,812
Town of Cotton Valley	102,207
Town of Cullen	90,145
Town of Sibley	395,887
Town of Sarepta	89,789
Village of Dixie Inn	338,624
Village of Doyline	71,120
Minden EDD #1	15,632
Minden EDD #2	99,631
Minden EDD #3	329
Minden EDD #4	131
Sales tax collection fee	426,266
Fee for audit of sales tax vendors	10,698
Refunds to sales tax vendors	<u>29,106</u>
Total disbursements	<u>30,476,671</u>
Balance, Ending	<u>\$ 3,267,914</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

NOTE 13 – RISK MANAGEMENT

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

NOTE 14 – LITIGATION AND CLAIMS

At December 31, 2019, the Commission is involved in litigation concerning protested taxes. Unearned revenue of \$271,322 is reported for the amount received under protest.

NOTE 15 – LIENS OVER SALES TAX REMITTERS

The Commission has outstanding liens against sales tax remitters who have not submitted sales tax reports to the Commission. The Commission cannot determine the exact amounts owed by the sales tax remitters, since no sales tax returns were submitted and processed into the Commission's accounting records. The lien amounts recorded at the Clerk of Court's office are based on estimates determined by the frequency of sales tax returns submitted and the tax liability owed by the remitter in past sales tax returns. Therefore, no amounts are recorded on the Commission's Agency fund, since the collection of the estimates is not probable.

NOTE 16 – REFUNDS TO TAXPAYERS

The Commission receives refund requests from sales tax remitters for overpayment of sales taxes. Refund requests are reviewed to determine if the amounts were overpaid. For the year ended December 31, 2019, the Commission recognized \$0 of refunds due taxpayers.

NOTE 17 – OCCUPATIONAL LICENSE COLLECTIONS AND DISBURSEMENTS

The following is a schedule occupational tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2019:

	Total <u>Collections</u>	Collection <u>Fees</u>	Total <u>Distribution</u>	<u>Refunds</u>	Balance to be <u>Distributed</u>
Webster Parish Police Jury	\$ <u>236,704</u>	\$ <u>3,313</u>	\$ <u>233,341</u>	\$ <u>50</u>	\$ <u>-</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

NOTE 18 – SALES TAX COLLECTIONS AND DISBURSEMENTS

The following is a schedule of the sales tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2019:

	Total <u>Collections</u>	Collection <u>Fees</u>	Audit <u>Fees</u>	<u>Refunds</u>	Total <u>Distribution</u>
Webster Parish School Board (2.5%)					
School Board 1969 (1.0%)	\$ 6,248,126	\$ 87,384	\$ 3,103	\$ 6,391	\$ 6,151,248
School Board 1996 (1.0%)	6,248,126	87,384	3,103	6,391	6,151,248
School District 6 (0.5%)	1,737,581	24,303	278	1,646	1,711,354
Webster Parish Police Jury (0.5%)	3,124,118	43,693	1,551	3,196	3,075,678
Town of Sibley (2.5%)					
Town of Sibley 1980 (1.0%)	160,603	2,248	-	-	158,355
Town of Sibley 1988 (1.0%)	160,603	2,248	-	-	158,355
Town of Sibley 2011 (0.5%)	80,302	1,124	-	-	79,178
Town of Cotton Valley (1%)	103,685	1,451	-	27	102,207
City of Minden (2%)					
City of Minden 1967 (1%)	3,026,694	42,344	556	2,147	2,981,647
City of Minden 1984 (1%)	3,026,694	42,344	556	2,147	2,981,647
Minden Econ. Dev. District #1 (2%)	15,854	222	-	-	15,632
Minden Econ. Dev. District #2 (2%)	101,045	1,415	-	-	99,630
Minden Econ. Dev. District #3 (2%)	334	5	-	-	329
Minden Econ. Dev. District #4 (2%)	133	2	-	-	131
City of Springhill (2.5%)					
City of Springhill 1968 (1.0%)	1,014,171	14,181	-	1,257	998,733
City of Springhill 1988 (0.5%)	507,066	7,090	-	629	499,347
City of Springhill 1992 (1.0%)	1,014,171	14,181	-	1,257	998,733
Town of Cullen (2.5%)					
Town of Cullen (1.0%)	36,570	512	-	-	36,058
Town of Cullen (0.5%)	18,285	256	-	-	18,029
Town of Cullen (1.0%)	36,570	512	-	-	36,058
Town of Sarepta (1%)	91,064	1,275	-	-	89,789
Village of Dixie Inn (2%)					
Village of Dixie Inn 1981 (1%)	172,063	2,404	-	347	169,312
Village of Dixie Inn 1994 (1%)	172,063	2,404	-	347	169,312
Village of Doyline (1%)	72,130	1,010	-	-	71,120
Webster Parish Tourism (4%)	184,511	2,581	-	129	181,801
Webster Parish Sheriff (0.5%)	<u>3,124,109</u>	<u>43,693</u>	<u>1,551</u>	<u>3,196</u>	<u>3,075,669</u>
Total	\$ <u>30,476,671</u>	\$ <u>426,266</u>	\$ <u>10,698</u>	\$ <u>29,107</u>	\$ <u>30,010,600</u>

Webster Parish Sales & Use Tax Commission
Notes to the Financial Statements
December 31, 2019

NOTE 19 – TAX ABATEMENTS (GASB 77)

The Louisiana Cultural Districts Program was created by Act 298 of the 2007 Regular Session. This program allows a local government to designate a Cultural District for the purpose of revitalizing a community by creating a hub of cultural activity. The program provides an exemption from sales and use taxes for proceeds received from the sale of original, one-of-a-kind works of art from locations established within the Cultural District.

Webster Parish includes the Minden Art & History Cultural District which qualifies for the original art exemption. The Cultural District program allows for art sellers to be exempt from local sales tax. The amount of tax abatement under this program during the fiscal year ended December 31, 2019 by authorized sales is as follows:

<u>Tax code</u>	<u>Total revenue reported by art selling businesses</u>	<u>Estimated tax \$ lost to Cultural District program</u>
LA R.S. 47:305.57	\$26,012	\$1,431

NOTE 20 – NEW GASB STANDARDS

Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement was issued by the Government Accounting Standards Board, effective for reporting periods beginning after June 15, 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of the governments, including direct borrowings and direct placements.

The adoption of this standard had no impact on the Commission’s government-wide and fund financial statements.

NOTE 21 – SUBSEQUENT EVENTS

On March 22, 2020, to combat the spread of COVID-19 in Louisiana, Governor Edwards issued a Stay at Home Order directing all Louisiana residents to shelter at home and limit movements outside of their homes beyond essential needs. Because of the unknown ramifications of COVID-19 and related corresponding Governor’s stay-at-home orders, the exact financial impact to the Webster Parish Sales & Use Tax Commission cannot be determined at this point. Accordingly, these financial statements do not include any adjustments for any unfavorable revenue decline.

Management has evaluated subsequent events through September 22, 2020, the date at which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
(PART II)

Webster Parish Sales & Use Tax Commission

Schedule of Changes in the Total OPEB Liability and Related Ratios
December 31, 2019**Total OPEB Liability**

	<u>2018</u>	<u>2019</u>
Service costs	\$ 9,905	\$ 10,311
Interest	20,258	21,259
Change in assumption	-	129,010
Benefits payments	<u>(5,713)</u>	<u>(6,603)</u>
Net change in total OPEB liability	24,450	153,977
Total OPEB liability - beginning	<u>487,055</u>	<u>511,505</u>
Total OPEB liability - ending	<u>\$ 511,505</u>	<u>\$ 665,482</u>
Covered employee payroll	\$ 158,829	\$ 158,829
Total OPEB liability as a percentage of covered employee payroll	322.05%	418.99%

Changes of Assumptions

Changes of assumptions and other inputs reflect the effect of changes in the discount rate of each period. The following is the discount rate used:

2019	2.74%
2018	4.10%

The mortality projection assumption was updated to the MP-2019 scale from the MP-2018 scale that was used in the December 31, 2018 valuation.

Notes:

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

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

Webster Parish Sales and Use Tax Commission

Schedule of Proportionate Share of Net Pension Liability
December 31, 2019

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers' Retirement System of Louisiana					
2015	0.00476%	\$ 511,486	\$ 201,771	253.50%	62.47%
2016	0.00481%	564,666	205,806	274.37%	59.90%
2017	0.00488%	499,779	209,840	238.17%	65.60%
2018	0.00482%	473,416	215,160	220.03%	68.20%
2019	0.00478%	474,001	219,463	215.98%	68.60%

Notes:

The amounts presented have a measurement date of June 30, 2019.

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

Webster Parish Sales and Use Tax Commission

Schedule of Employer Contributions

December 31, 2019

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
Teachers' Retirement System of Louisiana					
2015	\$ 55,323	\$ 55,323	\$ -	\$ 203,768	27.15%
2016	55,832	55,832	-	207,844	26.86%
2017	55,342	55,342	-	212,433	26.05%
2018	57,908	57,908	-	217,290	26.65%
2019	51,013	51,013	-	221,636	23.02%

Notes:

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

Webster Parish Sales and Use Tax Commission

Notes to Required Supplementary Information for Pensions

Teacher's Retirement System of Louisiana

Changes in Benefit Terms: Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. This benefit change raised the age requirement from 60 years of age for members hired after January 1, 2011.

Change in discount rate: The discount rate was reduced from 7.75% to 7.70% effective July 1, 2017, in accordance with the Board's adopted plan to reduce the discount rate to 7.50% in .05% increments. For the June 30, 2018 actuarial valuation, the discount rate was 7.65%. For the June 30, 2019 actuarial valuation, the discount rate was 7.55%.

SUPPLEMENTARY INFORMATION

Webster Parish Sales and Use Tax Commission

Schedule of Compensation Paid to Commissioners

December 31, 2019

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

Ronda Carnahan	Chairperson
Shelli Malone	Member
Peggy Adkins	Member
Crevonne Odom	Member
Sherry McCann	Member
Sharon Bryce	Member
Michael Fluhr	Member
Tiffany Parish	Member
Judy McKenzie	Member
Connie Smith	Member
Serena Gray	Member

Webster Parish Sales and Use Tax Commission

Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2019

Agency Head: Cyndy Herrington, Administrator

Salary	\$ 69,462
Benefits – insurance	13,637
Benefits – retirement	10,915
Dues	200
Travel	2,333
Registration fees	<u>1,035</u>
Total	<u>\$ 97,582</u>

OTHER REPORTS

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

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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 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 September 22, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet is 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 Webster Parish Sales and Use Tax Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wise Marten & Cole LLC

Minden, Louisiana
September 22, 2020

OTHER INFORMATION

Webster Parish Sales and Use Tax Commission
Schedule of Current Year Findings
December 31, 2019

No findings were required to be reported by *Government Auditing Standards*.

Webster Parish Sales and Use Tax Commission

Status of Prior Year Findings

December 31, 2019

No findings required to be reported by *Government Auditing Standards* in prior year.

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

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

We have performed the procedures enumerated below, which were agreed to by Webster Parish Sales & 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. Obtain and inspect the entity's written policies and procedures and observe that they address the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. ***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.

Written policy and procedures were obtained and addressed all areas listed above that applied to the Commission's operations.

Collections

2. Obtain a listing of deposit sites 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).

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

3. For each deposit site selected, obtain a listing of collection locations 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:

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exception noted.

- 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.

No exception noted.

- 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.

No exception noted.

- 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.

No exception noted.

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

All employees who have access to cash are covered by a bond or insurance policy for theft.

5. Randomly select two deposit dates for each of the bank accounts of the Commission (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). *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.

No exceptions noted.

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

6. 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).

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

7. For each location selected under #6 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:

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Not applicable - The Commission does not utilize a requisition/purchase order system. Purchases receive advance Commission approval through budgetary allocations, except when state law or Commission policy require formal bids.

- b) At least two employees are involved in processing and approving payments to vendors.

When processing payments to vendors, there are two employees involved in the process.

- 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.

Exception: The Administrator is responsible for processing payments, and is not prohibited from adding/modifying vendor files. No other employee reviews 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.

No exceptions noted.

8. For each location selected under #7 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.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

Exception: One disbursement paid did not have the proper documentation indicating segregation of duties.

Management response: The Administrator will write a policy for vendor changes in QuickBooks that states another employee will be responsible for periodically reviewing changes to vendor files. Management will also ensure that there is evidence that there is segregation of duties for non-payroll disbursements.

Payroll and Personnel

9. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

10. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exception noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exception noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exception noted.

11. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Not applicable – no employees were terminated during the fiscal period.

12. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management provided us with the required representation.

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

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

Wise Marten & Cole, LLC

Minden, Louisiana

September 22, 2020