

**DeSoto Parish Sales & Use Tax Commission  
Mansfield, Louisiana**

**Annual Financial Report  
For the Year Ended June 30, 2020**



**DeSoto Parish Sales & Use Tax Commission  
Mansfield, Louisiana**

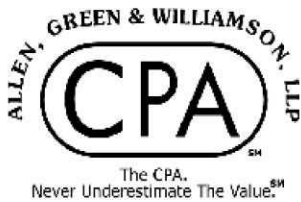
**Annual Financial Report  
For the Year Ended June 30, 2020**

**CONTENTS**

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT		5-7
REQUIRED SUPPLEMENTARY INFORMATION		8
Management’s Discussion and Analysis (MD&A)		9-14
GOVERNMENT-WIDE FINANCIAL STATEMENTS		15
Statement of Net Position	A	16
Statement of Activities	B	17
FUND FINANCIAL STATEMENTS		18
Governmental Funds – Balance Sheet	C	19
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position	D	20
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance	E	21
Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities	F	22
Fiduciary Fund – Statement of Fiduciary Assets and Liabilities	G	23
NOTES TO THE FINANCIAL STATEMENTS		
Index		24
Notes		25-37
REQUIRED SUPPLEMENTARY INFORMATION		38
Schedule of Changes in Total OPEB Liability and Related Ratios		39
General Fund Budgetary Comparison Schedule		40
Notes to the Budgetary Comparison Schedule		41
SUPPLEMENTARY INFORMATION		42
Schedule of Compensation, Benefits, and Other Payments to Agency Head		43
OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		44-45
OTHER INFORMATION		
Status of Prior Year Management Letter Item		46-47

**DeSoto Parish Sales & Use Tax Commission**

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## Independent Auditor's Report

Board Members  
DeSoto Parish Sales and Use Tax Commission  
Mansfield, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Sales and Use Tax Commission, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

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

## ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the other post-employment benefits (OPEB) liability for the Commission was \$937,825 at June 30, 2020 related to its participation in a single employer other post-employment benefit plan. The related actuarial valuations were performed by the Commission's actuary using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020 could be over or understated. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios, Budgetary Comparison Schedule, and notes to required supplementary information, as listed in the table of contents, 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 Commission's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and the other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 accompanying supplementary information, as listed in the table of contents, 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 December 31, 2020 on our consideration of the DeSoto 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 the effectiveness of Desoto Parish Sales and Use Tax Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Allen, Green & Williamson, LLP".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 31, 2020

**REQUIRED SUPPLEMENTARY INFORMATION:**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**



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**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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Our discussion and analysis of the DeSoto Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS** Our government-wide financial statements provide these insights into the results of this year's operations:

The liabilities and deferred inflows of the DeSoto Parish Sales and Use Tax Commission exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$484,092 (net position). This is a decrease of \$94,380 from the \$389,712 reported at June 30, 2019. This decrease is mainly due to costs and interest related to our OPEB liabilities and deferrals. In the close of the current fiscal year, the unrestricted net position of the Commission was a deficit of \$699,942.

The Commission's revenue received from charges for services for the year ended June 30, 2020 was \$588,732, this is a decrease of \$28,083 from the revenue received from charges for services of \$616,815 in 2019. This decrease in revenue is due to a decrease in the total sales tax collections.

The Commission's total expenses for the year ended June 30, 2020 was \$684,898, this is an increase of \$43,078 from the expenses of \$641,820 in 2019. This increase of expenses was mainly due to an increase in our OPEB expenses for Commission employees as the result of a new evaluation study.

#### **USING THIS ANNUAL REPORT**

The DeSoto Parish Sales and Use Tax Commission's annual report consists of a series of financial statements that show information for the DeSoto Parish Sales and Use Tax 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.

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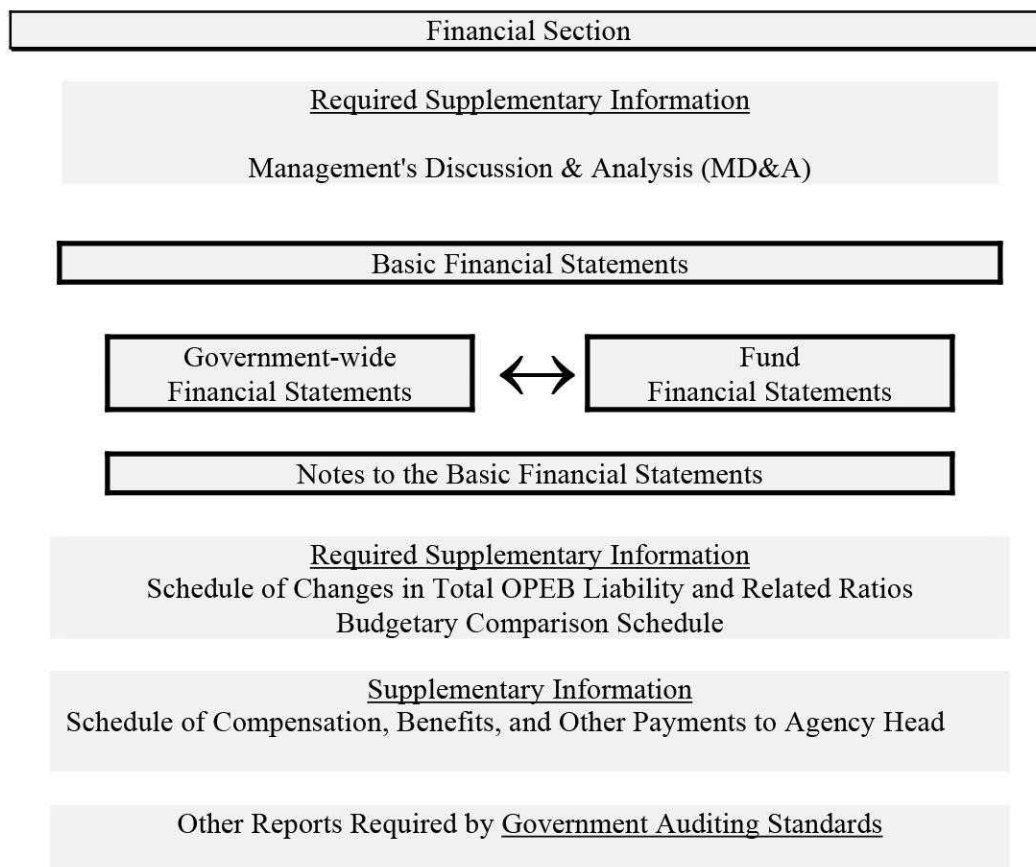
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**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditor's 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 identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### **Reporting the Commission as a Whole**

Our analysis of the DeSoto Parish Sales and Use Tax 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 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 Commission 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 outflow/inflows 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.

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**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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

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

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

### **Reporting the Commission's Most Significant Funds**

#### **Fund Financial Statements**

The DeSoto Parish Sales and Use Tax Commission reports 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 DeSoto Parish Sales and Use Tax Commission reports a fiduciary fund. The Commission is the trustee, or fiduciary, for the sales and occupancy tax agency fund which is reported in the statement of fiduciary assets and liabilities. 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 reported in these funds are used for their intended purpose.

**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**THE 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**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
<b>ASSETS</b>			
Other assets	\$ 102,908	\$ 111,455	\$ (8,547)
Capital assets (net of accumulated depreciation)	215,850	228,376	(12,526)
Total Assets	<u>318,758</u>	<u>339,831</u>	<u>(21,073)</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows for OPEB	<u>370,006</u>	<u>12,928</u>	<u>357,078</u>
<b>LIABILITIES</b>			
Long-term liabilities	<u>995,033</u>	<u>725,456</u>	<u>269,577</u>
Total Liabilities	<u>995,033</u>	<u>725,456</u>	<u>269,577</u>
<b>DEFERRED INFLOWS</b>			
Deferred inflows for OPEB	<u>177,823</u>	<u>17,015</u>	<u>160,808</u>
<b>NET POSITION</b>			
Net investment in capital assets	215,850	228,376	(12,526)
Unrestricted	<u>(699,942)</u>	<u>(618,088)</u>	<u>(81,854)</u>
Total Net Position	<u><u>\$(484,092)</u></u>	<u><u>\$(389,712)</u></u>	<u><u>\$ (94,380)</u></u>

Net position of the Commission's governmental activities for June 30, 2020 was a deficit of \$484,092. 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 a deficit of \$699,942.

**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Table 2**  
**Changes in Net Position**  
**For the Years Ended June 30**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Program revenues:			
Fees, charges, and commissions for services	\$ 588,732	\$ 616,815	\$ (28,083)
General revenues - Interest earned	<u>1,786</u>	<u>1,236</u>	<u>550</u>
Total Revenues	<u>590,518</u>	<u>618,051</u>	<u>(27,533)</u>
Sales tax collections:			
Personnel services and related benefits	575,520	519,004	56,516
Operating services	86,041	91,802	(5,761)
Materials and supplies	6,113	6,332	(219)
Travel	4,127	11,370	(7,243)
Depreciation expense	<u>13,097</u>	<u>13,312</u>	<u>(215)</u>
Total Program Expenses	<u>684,898</u>	<u>641,820</u>	<u>43,078</u>
Change in Net Position	(94,380)	(23,769)	(70,611)
Net Position - Beginning of year	<u>(389,712)</u>	<u>(365,943)</u>	<u>(23,769)</u>
Net Position - End of year	<u><u>\$ (484,092)</u></u>	<u><u>\$ (389,712)</u></u>	<u><u>\$ (94,380)</u></u>

***Governmental Activities***

The cost of all governmental activities this year was \$684,898. This was an increase of \$43,078.

**THE DESOTO PARISH SALES AND USE TAX COMMISSION'S FUNDS**

As the DeSoto Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$102,908 which decreased \$8,547 from prior year. Collection fees decreased \$28,083 due to a decrease in our total sales tax collections.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues exceeded budgeted revenues by \$20,719. This positive variance was due to an excess of revenues accumulated from the previous years.

Budgeted expenditures exceeded actual expenditures by \$29,268. This positive variance was due to a decrease in our operating and travel expenses.

The final budgeted revenues decreased \$28,613 from the original budgeted revenues and final budgeted expenditures increased \$29,921 from the original budgeted expenditures. Budgeted revenues decreased due to the excess of revenues from previous years. The final budgeted expenditures increased due to obtaining our own internet service provider, software upgrades, and necessary equipment.

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**DeSoto Parish Sales & Use Tax Commission**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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**CAPITAL ASSET**

At June 30, 2020, the Commission had \$215,850 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net decrease (including additions, deductions, and depreciation) of \$12,526 or 5.5%, from last year.

**Capital Assets at Year-end**

	2020	2019	Variance
Building	\$ 389,607	\$389,607	\$ -
Equipment and furniture	113,387	112,816	571
Total	502,994	502,423	571
Less Accumulated Depreciation	287,144	274,047	13,097
Net Capital Assets	\$ 215,850	\$228,376	\$ (12,526)

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS** Our appointed officials and citizens consider many factors when setting the DeSoto Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 99% of our total revenues are from collection fees charged to collect the tax. We have budgeted no significant changes in revenue and expenditures for the year ending June 30, 2020.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Chris Robinette, Administrator, P. O. Box 927, Mansfield, LA 71052 or at (318) 872-3343.

**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**DESOTO PARISH SALES & USE TAX COMMISSION**

**STATEMENT OF NET POSITION  
June 30, 2020**

	<b>Statement A</b>
	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 101,883
Prepaid items	1,025
Capital assets, net of accumulated depreciation	215,850
<b>TOTAL ASSETS</b>	<b>318,758</b>
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows for OPEB	370,006
<b>LIABILITIES</b>	
Long-term liabilities:	
Due within one year	24,279
Due in more than one year	32,929
OPEB liability	937,825
<b>TOTAL LIABILITIES</b>	<b>995,033</b>
<b>DEFERRED INFLOWS</b>	
Deferred inflows for OPEB	177,823
<b>NET POSITION</b>	
Net investment in capital assets	215,850
Unrestricted	(699,942)
<b>TOTAL NET POSITION</b>	<b>\$ (484,092)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



DESOTO PARISH SALES & USE TAX COMMISSION

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Statement B

GOVERNMENTAL  
ACTIVITIES

EXPENSES	
Sales Tax Collections:	
Personnel services and related benefits	\$ 575,520
Operating services	86,041
Materials and supplies	6,113
Travel expense	4,127
Depreciation	13,097
	<hr/>
TOTAL PROGRAM EXPENSES	684,898
	<hr/>
PROGRAM REVENUES	
Charges for services	588,732
	<hr/>
NET PROGRAM EXPENSE	(96,166)
	<hr/>
GENERAL REVENUES	
Interest earned	1,786
	<hr/>
TOTAL GENERAL REVENUES	1,786
	<hr/>
INCREASE (DECREASE) IN NET POSITION	(94,380)
NET POSITION - BEGINNING	(389,712)
	<hr/>
NET POSITION - ENDING	\$ (484,092)
	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FUND FINANCIAL STATEMENTS**

DESOTO PARISH SALES & USE TAX COMMISSION

GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2020

Statement C

ASSETS	
Cash	\$ 101,883
Prepaid items	1,025
	<hr/>
TOTAL ASSETS	102,908
	<hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	-
	<hr/>
TOTAL LIABILITIES	-
	<hr/>
FUND BALANCES:	
Nonspendable	1,025
Committed	61,242
Unassigned	40,641
	<hr/>
TOTAL FUND BALANCES	102,908
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 102,908
	<hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2020**

Statement D

Total fund balances - governmental funds \$ 102,908

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed 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 various programs 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	\$ 502,994	
Accumulated depreciation	<u>(287,144)</u>	215,850

Deferred outflows/inflows related to OPEB are not due and payable in the current period and accordingly are not reported in the fund financial statements.

Deferred inflows	(177,823)
Deferred outflows	370,006

Long-term liabilities applicable to the Commission 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.

Balances at June 30, 2020 are:

OPEB liability	(937,825)
Compensated absences payable	<u>(57,208)</u>

Net Position - Governmental Activities \$ (484,092)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended June 30, 2020**

Statement E

REVENUES	
Local sources:	
Collection fees	\$ 588,732
Interest earned	1,786
	<hr/>
TOTAL REVENUES	590,518
	<hr/>
EXPENDITURES	
Current:	
Sales tax collections:	
Personal services and related benefits	502,213
Operating services	86,041
Materials and supplies	6,113
Travel expense	4,127
Capital outlay	571
	<hr/>
TOTAL EXPENDITURES	599,065
	<hr/>
Net Change in Fund Balances	(8,547)
FUND BALANCE - BEGINNING	111,455
	<hr/>
FUND BALANCE - ENDING	\$ 102,908
	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DESOTO PARISH SALES & USE TAX COMMISSION**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2020**

Statement F

Total net change in fund balances - governmental funds \$ (8,547)

Amounts reported for governmental activities in the Statement of Activities are different because:

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. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlay	\$	571	
Depreciation		<u>(13,097)</u>	(12,526)

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$26,379) exceeded the amounts used (\$24,279) by \$2,100. (2,100)

The increase in OPEB expense is reported in the Statement of Activities and not reported as expenditures in governmental funds. (71,207)

Change in net position of governmental activities \$ (94,380)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DESOTO PARISH SALES & USE TAX COMMISSION

FIDUCIARY FUND  
Statement of Fiduciary Assets and Liabilities  
June 30, 2020

Statement G

	<u>AGENCY FUND</u>
ASSETS	
Cash	\$ 18,572
Sales tax receivable (net of allowance of \$0)	3,654,490
Occupancy tax receivable	11,682
Cash restricted for taxes paid under protest	<u>707</u>
TOTAL ASSETS	<u><u>3,685,451</u></u>
LIABILITIES	
Deposits due others	3,684,744
Deposits due others - Taxes paid under protest from restricted assets	<u>707</u>
TOTAL LIABILITIES	<u><u>\$ 3,685,451</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

<u>INDEX</u>		<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....		25
A. REPORTING ENTITY.....		25
B. FUNDS.....		25
<u>Governmental Funds</u> .....		25
<u>Fiduciary Funds</u> .....		25
<u>Agency Funds</u> .....		25
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.....		26
<u>Government-Wide Financial Statements (GWFS)</u> .....		26
<u>Fund Financial Statements (FFS)</u> .....		26
<u>Governmental Funds</u> .....		26
<u>Fiduciary Funds</u> .....		27
D. BUDGETS.....		27
E. DEPOSITS.....		28
F. CAPITAL ASSETS.....		28
G. COMPENSATED ABSENCES.....		28
H. USE OF ESTIMATES.....		28
I. FUND EQUITY OF FUND FINANCIAL STATEMENTS.....		28
J. LONG-TERM LIABILITIES.....		29
NOTE 2 - DEPOSITS.....		29
NOTE 3 - CAPITAL ASSETS.....		29
NOTE 4 - RETIREMENT SYSTEMS.....		29
NOTE 5 - COMPENSATED ABSENCES.....		31
NOTE 6 - LONG-TERM OBLIGATIONS.....		31
NOTE 7 - RISK MANAGEMENT.....		31
NOTE 8 - LITIGATION AND CLAIMS.....		31
NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS.....		32
NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS.....		32
NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS.....		33
NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS.....		34
NOTE 13 - LIENS OVER SALES TAX REMITTER.....		34
NOTE 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB).....		34
NOTE 15 - NEW GASB STANDARDS ADOPTED.....		37



**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the DeSoto Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The commission is comprised of five members, two each selected from the DeSoto Parish School Board and the DeSoto Parish Police Jury and one selected from the City of Mansfield, in accordance with a joint agreement of the agencies. The commissioners serve for indefinite terms and without benefit of compensation. The accompanying financial statements of the Commission have been prepared in conformity with U.S. 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 DeSoto Parish Sales and Use Tax Commission was created as a political subdivision of the state under the provisions of Article VII, Section 3, of the Louisiana Constitution of 1974. Commission board members are appointed by taxing authorities imposing sales taxes within the parish and are solely accountable for fiscal matters, which include fiscal management for controlling the collection and disbursement of funds. Additionally, the Commission is the collector for all sales and use and occupancy taxes within the parish. Based on the above, the Commission was determined to be a separate governmental reporting entity. The Commission includes all funds that are within the primary responsibility of the Commission. Certain units of local government over which the Commission exercises no primary responsibility, such as the DeSoto Parish Police Jury, School Board, Assessor, Clerk of Court, and municipalities within the parish, are excluded from the accompanying financial statements. These units of local government are governed by independently elected officials. They are neither controllable by nor answerable to the Commission. Further, their operations do not require the approval of the Commission nor is the Commission legally or fiscally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the DeSoto Parish Sales and Use Tax Commission.

**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. 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:

**General fund** - the primary operating fund of the Commission. It accounts for all financial resources of the Commission.

**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.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

**Sales tax collection agency fund** - accounts for sales tax monies collected on behalf of other taxing authorities within the parish.

**Occupancy tax collection agency fund** - accounts for occupancy 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 display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows 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 included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

**Allocation of indirect expenses** The Commission reports all direct expenses by object in the Statement of Activities. Direct expenses are those that are clearly identifiable with an object.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, then restricted as needed.

**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 liabilities of the current period. The government considers all revenues available if they are collected within 60 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.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

**Revenues**

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

Fees for the collection of occupancy taxes are recorded when the commission is entitled to the funds which are when the taxes are collected.

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.

**Expenditures**

Salaries are recorded as earned.

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

**D. BUDGETS**

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

During March and April the administrator prepares a preliminary budget for presentation to the Commission. In accordance with adopted policies of the Commission, the budget document must include the following:

1. A budget message, signed by the administrator, which includes a summary description of the most important features and objectives of the budget.
2. A budget summary listing.
3. A proposed budget adoption resolution for the City of Mansfield, DeSoto Parish School Board, and Desoto Parish Police Jury.

The Commission then reviews the proposed budget, makes any changes it deems appropriate, and approves the budget for submission to the taxing bodies on or before May 1. The City, School Board, and Police Jury, no later than June 15, approve or reject the budget.

During the year, the administrator is authorized, subject to approval of the Commission, to make changes within budget classifications as he may deem appropriate. However, any reallocation of budgeted amounts in excess of 5% of total revenues, total expenditures, and/or beginning fund balance, must be approved in advance by the City, School Board, and Police Jury.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original budget amounts and any subsequent amendments.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

Formal budget integration (within the accounting records) is not employed. Budget amounts included in the accompanying financial statements include the original and amended adopted 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.

**E. DEPOSITS** 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.

**F. CAPITAL ASSETS** Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. The capitalization threshold is \$100. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used, based on the following estimated useful lives:

Buildings	40 years
Furniture and Equipment	5-12 years

**G. COMPENSATED ABSENCES** All employees earn up to 20 days vacation leave each year depending on length of service. Unused vacation leave may be carried forward to the succeeding year up to a maximum of 60 days and is paid to employees upon separation from service. All employees receive one day of sick leave per month. Unused sick leave may be carried forward to the succeeding year up to a maximum of 25 days and is paid to employees upon separation from service.

**H. 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.

**I. FUND EQUITY 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 Commission's highest level of decision making authority. The Board is the highest level of decision making authority for the Commission which can commit fund balance prior to the close of the fiscal year through the submission and adoption of a resolution. 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.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**Assigned:** Fund balance that is constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed. The Commission’s policy does not address assignment of fund balance.

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

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The Commission reduces unassigned amounts, followed by committed amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**J. LONG-TERM LIABILITIES** The Commission provides certain continuing medical, dental, vision and life insurance benefits for its retired employees. The OPEB Plan is a single employer defined benefit “substantive plan” as understood by past practices of the Commission.

**NOTE 2 - DEPOSITS** 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 \$121,162 and the bank balance was \$123,560.

These deposits are reported as follows: Statement A-cash and cash equivalents, \$101,883; Statement G- cash, \$18,572 and restricted cash, \$707. Of the bank balance, \$123,560 was collateralized with FDIC Insurance.

**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.

**NOTE 3 - CAPITAL ASSETS** The changes in capital assets follow:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities:				
Building	\$ 389,607	\$ -	\$ -	\$ 389,607
Furniture and equipment	112,816	571	-	113,387
Total	502,423	571	-	502,994
Less accumulated depreciation:	274,047	13,097	-	287,144
Capital assets, net	<u>\$ 228,376</u>	<u>\$ (12,526)</u>	<u>\$ -</u>	<u>\$ 215,850</u>

**NOTE 4 - RETIREMENT SYSTEMS** All Commission employees participate in the Teachers' Retirement System of Louisiana, which is a cost-sharing, multiple-employer public employee retirement system (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Employees of the Commission are enrolled in the retirement system as employees of DeSoto Parish School Board; therefore, the proportionate share of the pension liability is reported by DeSoto Parish School Board. The Commission does not report a pension liability, deferred outflow, or deferred inflows. The Commission reports as an expenditure the amount that has been paid to the School Board which is the actuarially required contribution. The Teacher’s

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

Retirement System of Louisiana issues a public report that includes financial statements and required supplementary information. A copy of the report may be obtained from [www.trsl.org](http://www.trsl.org). Pertinent information relative to the plan is as follows:

**General Information about the Pension Plan**

**Plan Descriptions/Benefits Provided:**

**Teachers' Retirement System of Louisiana:** TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a “teacher” as provided for in R.S 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011 and July 1, 2015.

Most members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of service, 2) at the age of 55 with at least 25 years of service, or 3) at any age with at least 30 years of service. For members joining on or after July 1, 2015, retirement benefits are paid at age 62 with at least 5 year of service credit. Members may retire with an actuarially reduced benefit with 20 years of service credit. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member’s average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and attained at least 5 years of service or if employed on or after January 1, 2011 and attained at least 10 years of service. Members employed prior to January 1, 2011 receive disability benefits equal to 2½% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011 receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2½% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. The minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

TRSL has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2020, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	8%	26.0%

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

Total covered payroll of the Commission for TRSL - Regular Plan for the year ended June 30, 2020, amounted to \$317,483. Employer contributions to the DeSoto Parish School Board were \$82,579 which was the annual actuarial required contribution for the Commissions employees.

**NOTE 5 - COMPENSATED ABSENCES** At June 30, 2020, employees of the Commission have accumulated and vested \$57,208 of employee leave benefits including \$818 of salary related benefits, which was computed in accordance with GASB Codification Section C60.

**NOTE 6 - LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

Governmental activities:	Beginning Balance	Additions	Deductions	Ending Balances	Due within One year
Compensated Absences	\$ 55,108	\$ 26,379	\$ 24,279	\$ 57,208	\$ 24,279
Total	<u>\$ 55,108</u>	<u>\$ 26,379</u>	<u>\$ 24,279</u>	<u>\$ 57,208</u>	<u>\$ 24,279</u>

**NOTE 7 - RISK MANAGEMENT** The Commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the commission maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; workers compensation; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the commission also maintains an errors and omissions claims paid policy.

**NOTE 8 - LITIGATION AND CLAIMS**

**Taxes Paid Under Protest** At June 30, 2020, the Commission is involved in litigations regarding taxes paid under protest. These funds have been placed in an escrow account. A liability of \$707 for taxes paid under protest is included in the agency fund.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 9 - AGENCY FUND DEPOSITS DUE OTHERS** The following is a summary of the collections and payments made to local governmental entities for sales tax collections during the year ended June 30, 2020:

BALANCE, Beginning	\$ 3,739,591
<u>Receipts:</u>	
Sales Tax Collections	45,433,570
<u>Disbursements:</u>	
DeSoto Parish School Board	25,708,240
DeSoto Parish Police Jury	10,283,680
DeSoto Parish Law Enforcement District	5,142,345
City of Mansfield	2,258,476
Town of Logansport	242,081
Village of South Mansfield	53,727
Town of Stonewall	472,819
Village of Grand Cane	109,539
Town of Keachi	61,419
Collection fees	587,031
Audit fees (sales tax vendors)	580,742
Total Disbursements	45,500,099
BALANCE, Ending	\$ 3,673,062

**NOTE 10 - OCCUPANCY TAX COLLECTION FUND PAYMENTS** The following is a summary of the collections and payments made to local governmental entities for occupancy tax collections during the year ended June 30, 2020:

BALANCE, Beginning	\$ 13,562
<u>Receipts:</u>	
Occupancy Tax Collections	128,249
<u>Disbursements:</u>	
City of Mansfield	128,428
Collection Fee	1,701
Total Disbursements	130,129
BALANCE, Ending	\$ 11,682



**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 11 - SALES TAX AND OCCUPANCY TAX COLLECTIONS AND DISBURSEMENTS** The following are schedules of the sales tax and occupancy tax collections and disbursements on a cash basis collected on behalf of and distributed to local governmental entities for fiscal year ended June 30, 2020:

	SALES TAX			
	Total Collections	Collection Fees	Audit Fees	Total Distribution
DeSoto Parish School Board (2.5%)				
School Board 5/1/68 (1%)	\$ 10,564,390	\$ 136,162	\$ 144,932	\$ 10,283,296
School Board 7/1/86 (.5%)	5,282,195	68,081	72,466	5,141,648
School Board 7/1/86 (.5%)	5,282,195	68,081	72,466	5,141,648
School Board 7/1/01 (.5%)	5,282,195	68,081	72,466	5,141,648
	<u>26,410,975</u>	<u>340,405</u>	<u>362,330</u>	<u>25,708,240</u>
DeSoto Parish Police Jury (1%)				
Police Jury 7/1/81 (.25%)	2,641,195	34,042	36,233	2,570,920
Police Jury 7/1/81 (.50%)	5,282,390	68,084	72,466	5,141,840
Police Jury 7/1/81 (.10%)	1,056,478	13,617	14,493	1,028,368
Police Jury 7/1/81 (.15%)	1,584,717	20,425	21,740	1,542,552
	<u>10,564,780</u>	<u>136,168</u>	<u>144,932</u>	<u>10,283,680</u>
Law Enforcement District (.5%)	5,282,901	68,090	72,466	5,142,345
City of Mansfield (1.5%)				
Mansfield 7/1/80 (1%)	1,526,125	19,967	432	1,505,726
Mansfield 1/1/09 (.5%)	762,948	9,982	216	752,750
	<u>2,289,073</u>	<u>29,949</u>	<u>648</u>	<u>2,258,476</u>
Town of Logansport (1%)	245,346	3,214	51	242,081
Village of South Mansfield (1%)	54,442	711	4	53,727
Town of Stonewall (1%)	479,351	6,248	284	472,819
Village of Grand Cane (1%)	110,998	1,447	12	109,539
Town of Keachi (1%)	62,233	799	15	61,419
Total	<u>\$ 45,500,099</u>	<u>\$ 587,031</u>	<u>\$ 580,742</u>	<u>\$ 44,332,326</u>
OCCUPANCY TAX				
	Total Collections	Collection Fees	Audit Fees	Total Distribution
City of Mansfield (3%)	<u>\$ 130,129</u>	<u>\$ 1,701</u>	<u>\$ -</u>	<u>\$ 128,428</u>

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 12 - FUND BALANCE CLASSIFICATION DETAILS:** The following are details of the fund balance classifications.

Non spendable:	<b>General</b>
Prepaid items	\$ 1,025
Committed to:	
Sick and annual leave pay	61,242
Unassigned	40,641
Total	\$ 102,908

**NOTE 13 - 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 14 - OTHER POST EMPLOYMENT BENEFITS (OPEB)** The Desoto Parish Sales and Use Tax Commission has elected to provide post retirement benefits to its employees. Employees of the Commission are included in the health insurance benefit plan of the DeSoto Parish School Board. The School Board does have a trust established for their OPEB plan. The Commission does not have a separate trust established. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

**Plan description** - The Commission’s OPEB plan is a single-employer defined benefit “substantive plan” as understood by past practices of the Commission and its employees. Although no written plan currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. The plan provides lifetime healthcare insurance for eligible retirees through the Commission’s group health insurance plan. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the Commission. Also, no stand-alone financial report was prepared. Substantially all of the Commission’s employees become eligible for these benefits if they reach normal retirement age while working for the Commission, and if the employee chooses to obtain health care benefits from the Commission.

**Benefits Provided and Funding Policy** - The contribution requirements of plan members and the Commission are established and comply with LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The contribution rates are as follows:

Years of Employment	Medical		Dental		Vision	
	% Paid by Retiree	% Paid by Commission	% Paid by Retiree	% Paid by Commission	% Paid by Retiree	% Paid by Commission
Less than 10	80	20	100	0	No insurance	
10 to 14.99	60	40	75	25	No insurance	
15 to 19.99	40	60	50	50	No insurance	
20 or more	15	85	25	75	0	100

- Medical - grandfathering provisions apply to those employees hired before January 1, 2010.
- Dental - grandfathering provisions apply to those employees hired before January 1, 2011.
- Vision - grandfathering provisions apply to those employees retired before January 1, 2011.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

For employees that retired prior to January 1, 2010, the Board pays 100% of the life insurance premium for retired employees with coverage ending at age 99. Employees that retire after December 31, 2009 are eligible for the following life insurance benefits paid based on their years of service working for the Commission when they retire with coverage ending at 80:

<u>Years of Employment</u>	<u>Life Insurance</u>
Less than 20	No insurance
20 to 30	\$5,000
30 or more	\$10,000

**Employees Covered by Benefit Terms** – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>5</u>
Total	<u><u>5</u></u>

**Total OPEB Liability** – The Commission’s total OPEB liability of \$937,825 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the June 30, 2020 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	Entry age normal cost - Level percent of pay
Discount rate	2.21% based on the Bond Buyer General Obligation 20 bond municipal index
Healthcare trend	Ranges from 5.75% in Year 1 to 5% after Year 6
Mortality	PubG.H-2010 Mortality tables with generational projection using Scale MP-2020.
Turnover	Ranges from 25% at age 18 and less than one year of experience to 4.2% at age 58 and 4 plus years of experience
Retirement rates	30 years of service at any age; age 55 and 25 years of service; or, age 60 with 5 years of service. Employees hired on or after January 1, 2011 must have at least 20 years of service to retire or enter D.R.O.P. with an unreduced retirement benefit.
Salary increase	3.00%

No salary experience studies were conducted.

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

**Changes in the Total OPEB Liability:**

	Total OPEB Liability
Balance at June 30, 2019	\$ 670,348
Changes for the year:	
Service cost	19,361
Interest	24,140
Difference between expected and actual experience	(153,923)
Effect of assumptions changes or inputs	377,899
Benefit payments	-
Net changes	267,477
Balance at June 30, 2020	\$ 937,825

**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.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,195,995	\$ 937,825	\$ 745,781

**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.

	1% Decrease (4.75%)	Current Trend Rate (5.75%)	1% Increase (6.75%)
Total OPEB liability	\$ 714,499	\$ 937,825	\$ 1,478,760

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**– For the year ended June 30, 2020, the Commission recognized OPEB expense of \$71,207. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 150,482
Changes of assumptions	370,006	27,341

**DeSoto Parish Sales & Use Tax Commission**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

Year Ended June 30:	
2021	\$ 27,705
2022	27,705
2023	27,705
2024	27,705
2025	27,705
Thereafter	53,658

**NOTE 15 - NEW GASB STANDARDS ADOPTED** In May 2020, the Governmental Accounting Standards Board issued Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. This statement extended the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides. The primary objective of GASB Statement No. 95 was to provide temporary relief to governments and other stakeholders in the light of the COVID 19 pandemic. The Commission implemented this statement for the fiscal year ended June 30, 2020.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**DeSoto Parish Sales & Use Tax Commission**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
June 30, 2020**

<b>Total OPEB Liability</b>	2020	2019	2018
Service costs	\$ 19,361	\$ 18,797	\$ 20,966
Interest	24,140	23,957	22,767
Difference between expected and actual experience	(153,923)	(14,917)	(3,535)
Effect of assumption changes or inputs	377,899	45,398	(33,650)
Benefit payments	-	(12,531)	(11,878)
Net change in total OPEB liability	267,477	60,704	(5,330)
Total OPEB liability - Beginning	670,348	609,644	614,974
Total OPEB liability - Ending	\$ 937,825	\$ 670,348	\$ 609,644
Covered employee payroll	319,416	311,125	302,063
Total OPEB liability as a percentage of covered employee payroll	293.61%	215.46%	201.83%

**Changes of Assumptions**

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

2020	2.21%
2019	3.50%
2018	3.87%

**Changes in mortality rates:**

2020 PubG.H-2010 mortality tables with generational projection using Scale MP-2020.

2018 & 2019 RP-2000 Combined Mortality Table.

**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 No. 75, paragraph 4, to pay related benefits.

DESOTO PARISH SALES & USE TAX COMMISSION

GENERAL FUND  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local sources:				
Collection fees	\$ 598,112	\$ 569,499	\$ 588,732	\$ 19,233
Interest earned	300	300	1,786	1,486
<b>TOTAL REVENUES</b>	<b>598,412</b>	<b>569,799</b>	<b>590,518</b>	<b>20,719</b>
EXPENDITURES				
Current:				
Sales tax collections:				
Personal services and related benefits	491,623	504,929	502,213	2,716
Operating services	89,189	103,408	86,041	17,367
Materials and supplies	6,100	6,100	6,113	(13)
Travel expense	9,500	9,500	4,127	5,373
Capital outlay	2,000	4,396	571	3,825
<b>TOTAL EXPENDITURES</b>	<b>598,412</b>	<b>628,333</b>	<b>599,065</b>	<b>29,268</b>
Net Change in Fund Balances	-	(58,534)	(8,547)	49,987
BUDGETARY FUND BALANCE - BEGINNING	58,534	58,534	111,455	52,921
BUDGETARY FUND BALANCE - ENDING	\$ 58,534	\$ -	\$ 102,908	\$ 102,908



## **DeSoto Parish Sales & Use Tax Commission**

### **Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2020**

#### **A. BUDGETS**

General Budget Policies – State statute requires budgets be adopted for the general fund and all special revenue funds. The budget is approved in the April board meeting by the Commission. The operating budgets include proposed expenditures and the means of financing the expenditures. Public hearings are conducted prior to the Commission’s approval to receive comments from the public. It is then submitted for final approval to the City of Mansfield, Desoto Parish School Board, and Desoto Parish Police Jury.

Appropriations (unexpended budget balances) lapse at year end. Formal budget integration (within the accounting records) is not employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All budget revisions are approved by the Commission.

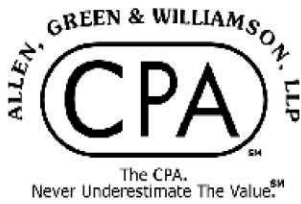
Budget Basis of Accounting – The general fund budget is prepared on the modified accrual basis of accounting. Legally, the Commission must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budget expenditures and other financing uses. State statute requires the Commission to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

# **SUPPLEMENTARY INFORMATION**

**DeSoto Parish Sales & Use Tax Commission**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the Year Ended June 30, 2020**

**Agency Head : Chris Robinette, Administrator**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 101,716
Benefits - Insurance	22,046
Benefits - Retirement	26,446
Per Diem (Cell Phone Allowance)	720
Travel	333
Registration Fees	745
Conference Travel	440
Conference (Hotel)	613
Conference (Special Meals)	21



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Mallory Stone, CPA  
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## **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***

### **Independent Auditor's Report**

Board Members  
DeSoto Parish Sales and Use Tax Commission  
Mansfield, 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, each major fund, and the aggregate remaining fund information of DeSoto Parish Sales and Use Tax Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 31, 2020.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 31, 2020

**Desoto Parish Sales & Use Tax Commission  
Status of Prior Year Management Letter Item  
For the Year Ended June 30, 2020**

**2019-M1      Sales Tax Audit Contracts**

**Comment:** The Commission contracts with three private auditing firms to perform sales tax audits along with employing two sales tax auditors. A summary of the sales tax contracts follows:

**Contract A**

Original contract is dated 2005 with amendments in 2011 and 2014. The 2011 amendment states “Parish shall compensate the Contractor a fee for all hours worked on all examinations based on an hourly rate of \$100, plus expenses for examination services performed during the term of this contract. Contractor and Parish stipulate and agree the Contractor fees are in no way dependent on the examination findings. Parish and Contractor agree that payment for hourly fees may equal but not exceed 30% of the total revenue collected by the Parish as a result of all examinations performed by the Contractor under this contract. Hours accumulated for billing by the Contractor on examinations that exceed the maximum agreed billing percentage will be carried forward for payment from future revenue under the terms of this agreement.” The 2014 amendment increased the billing rate to \$200 per hour. In reviewing some of the invoices the hourly rate is now \$300 per hour although no amendment was provided.

This contractor was paid \$1,210,756.39 in the fiscal year. Four invoices were reviewed for this contract. For each invoice, the contractor was paid 30% of the assessment instead of the hourly rate. No information was provided by the contractor for the number of hours. Each invoice lists the hours worked and the hours that are credited as a result of the invoice. The total hours ranged from 3,000 to 6,000. In addition the penalty was waived by the Commission on one large assessment but the 30% was calculated on the total assessment instead of the total revenue collected which appears to be an overpayment of \$96,233.70.

**Contract B**

Contract is dated November 10, 2016. This contract has a fee cap option and a flat rate option. Fee cap option – “The total fees payable per audit under this option shall not exceed 50% of the total tax and interest collected by client or the total refund or credit reduction amount.” Flat rate option – The total fees payable per audit under this option will be based on fixed hourly rates. The hourly rates shall be adjusted at the beginning of each contract year. Each annual rate adjustment increase shall be 2%.” The contract lists the hourly rates which range from \$19.00 per hour to \$92.00 per hour. Hours under this contract do not carry forward but apply to each audit.

This contractor was paid \$72,788.45 in the fiscal year. Two invoices were reviewed for this contract. Each invoice provided the number of hours worked by classification of employee and the total amount for hours worked. The flat rate option was also included. The Commission was billed the lower of the flat rate option or the fee cap option. For example, on one of the invoices the flat rate option resulted in a fee of \$49,391.20 and the fee cap option resulted in a fee of \$661,625.20. The Commission was billed the lower fee.

**Contract C**

Contract is dated October 29<sup>th</sup>, 1991 with no amendments provided. This contract states “For all audit services at the rate of \$75.00 to \$200.00 per hour depending upon expertise – a cost breakdown of the hourly rate must be provided to the Administrator along with the audit findings. Any out-of-pocket expenses, as approved by the Administrator, shall be included in the audit findings. However, the fee to be paid shall not exceed 50% of the total tax, penalties, interest, and expenses collected from any audit, excluding attorney’s fees. Where no tax, interest or penalty is collected, there will be no fee due from the Commission for the audit.”

This contractor was paid \$39,284.17 in the fiscal year. One invoice was reviewed for this contractor. The invoice included the number of hours and hourly rate for the audit and a calculation of the hourly rate and the fee based on the 50% cap. The lower rate was paid.



Chris W. Robinette, CTA  
Administrator

## DESOTO PARISH SALES AND USE TAX COMMISSION



### 2019-M1 SALES TAX AUDIT CONTRACTS

#### Management Response:

In 1991, the Commission established an audit program to regularly conduct sales and use tax examinations (audits) of the books and records of dealers engaging in business in DeSoto Parish. One purpose of the program is to be effective and efficient in recovering revenue due the taxing authorities at the least amount of costs.

As a part of this program, we have contracted with outside audit firms to help conduct audits of companies which are mostly out-of-state and are not cost-effective for the Commission auditors to perform. These contracts allow the Commission to collect additional revenue that would otherwise be lost and are structured in a manner so there is no cost to the Commission since their fees are taken from the revenue they discover and are not included as a line item in our budget.

The Commission agrees that the contracts should be reviewed and updated and have already taken the following steps:

- A. On October 30, 2019 a letter was issued to the two firms in question requesting that a new and updated agreement be drafted for our attorney's review.
- B. Upon receiving a draft of these agreements, we met with Mr. Richard Barham, our attorney, on November 15, 2019 to review the agreements and receive his recommendation.
- C. On December 12, 2019, after receiving Mr. Barham's approval, the two new agreements were executed.

During our meeting with Mr. Barham, the potential overpayment mentioned was reviewed and it was his determination that the matter was handled correctly by the Commission in accordance with the agreement at that time.

As a reminder, the Commission does provide a detailed audit report each quarter at our regularly scheduled board meeting which lists the total gross audit revenue collected, any total audit fees paid, and the total net audit revenue that was distributed to the taxing authorities.

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This comment is considered to be cleared.