

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 2021

HILL, INZINA & COMPANY

Certified Public Accountants • A Professional Corporation
701 East Madison Avenue • Bastrop, Louisiana 71220
Telephone 318-281-4492 • Fax 318-281-4087 • E-mail hillinzina@bellsouth.net

TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1 - 3
REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)	
Management's discussion and analysis	4 - 8
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statements of net position - governmental activities	9
Statement of activities - governmental activities	10
Fund financial statements:	
Balance sheet - governmental fund - general fund	11
Statement of revenues, expenditures, and changes in fund balance - governmental fund - general fund	12
Reconciliation of governmental fund balance sheet to government-wide statement of net position	13
Reconciliation of governmental fund statement of revenues, expenditures, and changes in fund balance to government-wide statement of activities	14
Statement of fiduciary fund net assets - agency fund	15
Notes to financial statements	16 - 34
REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)	
Budgetary comparison schedule - governmental fund - general fund	35
Schedule of proportionate share of net pension liability	36
Schedule of contributions	37
Schedule of changes in total OPEB liability and related ratios	38
OTHER SUPPLEMENTARY INFORMATION	
Schedule of compensation, benefits, and other payments to agency head	39
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	40 and 41

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION	42 and 43
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	44

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Commissioners
Morehouse Sales and Use Tax Commission
Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Morehouse Sales and Use Tax Commission (the "Commission"), as of and for the year ended June 30, 2021, 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 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 and the major fund of the Commission as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison schedule; schedule of proportionate share of net pension liability; schedule of contributions; and schedule of changes in total other post-employment benefits ("OPEB") liability and related ratios 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co.

March 3, 2022

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2021

As management of Morehouse Sales Tax and Use Tax Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2021. This discussion and analysis of management is designed to provide an objective and easy to read analysis of the Commission's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Commission's finances. It is also intended to provide readers with an analysis of the Commission's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Commission. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Commission's financial activity, identify changes in the Commission's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements and supplementary information are provided in addition to this discussion and analysis of management.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's basic financial statements consist of the following components:

1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to provide readers with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Commission's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or weakening. Evaluation of the overall economic health of the Commission would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information showing how the Commission's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Commission's distinct activities or functions on revenues provided by the users of its services.

The government-wide financial statements report governmental activities of the Commission that are principally supported by charges for services. Governmental activities include general government only.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Commission uses funds to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of the Commission are governmental funds that are used to account for all of the Commission's basic services and are reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Commission's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

3. Statement of fiduciary fund net assets

Fiduciary (agency) funds are used to account for resources collected and held for the benefit of taxing bodies.

4. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

In addition to the basic financial statements, the Commission also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position of the Commission's governmental activities as of June 30:

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 817,808	\$ 613,703
Capital assets, net of depreciation	<u>24,245</u>	<u>24,988</u>
Total assets	<u>\$ 842,053</u>	<u>\$ 638,691</u>
 Deferred outflows of resources	 <u>\$ 57,875</u>	 <u>\$ 73,584</u>
 Other liabilities	 \$ 388,697	 \$ 354,320
Long-term liabilities	<u>365,974</u>	<u>439,701</u>
Total liabilities	<u>\$ 754,671</u>	<u>\$ 794,021</u>
 Deferred inflows of resources	 <u>\$ 72,531</u>	 <u>\$ 47,372</u>
 Net position:		
Investment in capital asset	\$ 24,245	\$ 24,988
Restricted	6,480	6,581
Unrestricted (deficit)	<u>42,001</u>	<u>(160,687)</u>
 Total net position (deficit)	 <u><u>\$ 72,726</u></u>	 <u><u>\$ (129,118)</u></u>

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission will use the unrestricted net position, as it becomes available, to meet the ongoing obligations to users of its services and creditors.

The Commission's net position as of June 30, 2021 consists of the investment in capital assets (furniture, equipment, and a vehicle), restricted assets, and unrestricted assets. The Commission uses the capital assets to provide services to users of its services; consequently, these assets are not available for future spending.

The following summarizes the Commission's net position changes as of June 30:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 406,755	\$ 350,210
General revenues:		
Interest and miscellaneous	<u>4,868</u>	<u>6,460</u>
Total revenues	\$ 411,623	\$ 356,670
Expenses:		
Current:		
General government	<u>209,780</u>	<u>260,268</u>
Change in net position	\$ 201,843	\$ 96,402
Net position (deficit) - beginning	<u>(129,117)</u>	<u>(225,519)</u>
Net position (deficit) - ending	<u>\$ 72,726</u>	<u>\$(129,117)</u>

The Commission's program revenues increased \$56,545 with the total cost of all programs and services decreasing by \$50,488.

Program revenues derive directly from the program itself and as a whole, reduce the cost of the function to be financed from the Commissions' general revenues.

Financial Analysis of Governmental Funds

As of June 30, 2021, the Commission's governmental fund reported an ending fund balance of \$429,111 an increase of \$169,727 from \$259,384 as of June 30, 2020. The fund balance was unassigned for both years except for \$6,480 as of June 30, 2021 and \$6,581 as of June 30, 2020.

General Fund Budgetary Highlights

The Commission made one amendment to its original budget for the year ended June 30, 2021. There were no unfavorable variances between the budgeted and actual revenues and the budgeted and actual expenditures.

Capital Assets

The Commission's investment in capital assets, net of accumulated depreciation, for the governmental activities as of June 30, 2021 was \$24,245 compared to \$24,988 as of June 30, 2020. In the current fiscal year, the Commission made only one capital outlay expenditure of \$1,550.

Economic Factors and Next Year's Budget

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. There were no significant adverse effects from COVID-19 on the Commission's financial position during the years ended June 30, 2020 and 2021. Although not expected, the Commission's future cash flows could be affected by an economic slowdown that results from measures taken to contain the spread of the virus. The Commission has determined that the potential impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2021, have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

The Commission foresees minimal changes in operations for the next fiscal year. The original budget adopted for the year ending June 30, 2022 included revenues and expenditures of \$341,000 compared to final budgeted revenues and expenditures for the year ended June 30, 2021 of \$320,650.

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Milzokiya White, Administrator, P.O. Box 672, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2021

ASSETS

Cash	\$	327,148
Certificates of deposit		100,000
Restricted cash		390,660
Capital assets, net of depreciation		24,245
Total assets	\$	<u>842,053</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pension	\$	<u>57,875</u>
------------------------------	----	---------------

LIABILITIES

Employee withholdings	\$	4,517
Payable from restricted cash		384,180
Net pension liability		237,839
Net OPEB obligation		128,135
Total liabilities	\$	<u>754,671</u>

DEFERRED INFLOWS OF RESOURCES

Resources related to pension	\$	<u>72,531</u>
------------------------------	----	---------------

NET POSITION

Investment in capital assets	\$	24,245
Restricted		6,480
Unrestricted		<u>42,001</u>
Total net position	\$	<u>72,726</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
As of and for the Year Ended June 30, 2021

Expenses:		
Current:		
General government:		
Personal services	\$	136,632
Operating services		44,301
Professional services		26,123
Travel and education		431
Depreciation		<u>2,293</u>
Total expenses	\$	209,780
Program revenues:		
Charges for services		<u>406,755</u>
Net program revenue	\$	196,975
General revenues:		
Interest and miscellaneous		<u>4,868</u>
Change in net position	\$	201,843
Net position (deficit) - beginning		<u>(129,117)</u>
Net position - ending	\$	<u><u>72,726</u></u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND
June 30, 2021

ASSETS

Cash	\$ 327,148
Certificates of deposit	100,000
Restricted cash	<u>390,660</u>
Total assets	<u>\$ 817,808</u>

LIABILITIES

Liabilities:	
Employee withholdings	\$ 4,517
Payable from restricted cash	<u>384,180</u>
Total liabilities	<u>\$ 388,697</u>

FUND BALANCE

Restricted	\$ 6,480
Unassigned	<u>422,631</u>
Total fund balance	<u>\$ 429,111</u>
Total liabilities and fund balance	<u>\$ 817,808</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUND - GENERAL FUND

As of and for the Year Ended June 30, 2021

Revenues:	
Charges for services	\$ 406,755
Interest and miscellaneous	1,136
Total revenues	<u>\$ 407,891</u>
Expenditures:	
Current:	
General government:	
Personal services	\$ 165,759
Operating services	44,301
Professional services	26,123
Travel and education	431
Capital outlay	<u>1,550</u>
Total expenditures	<u>\$ 238,164</u>
Net change in fund balance	\$ 169,727
Fund balance - beginning	<u>259,384</u>
Fund balance - ending	<u><u>\$ 429,111</u></u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

As of and for the Year Ended June 30, 2021

Total fund balance - governmental fund balance sheet	\$ 429,111
Amounts reported for governmental activities in statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	24,245
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(237,839)
Net effect of deferred outflows of resources and deferred inflows of resources related to pension do not require the use of current financial resources and therefore are not reported in the funds.	(14,656)
Contributions to the OPEB obligation are reported as expenditures in the governmental funds. However, these amounts are reported as a reduction of long-term liabilities in the governmental activities.	<u>(128,135)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 72,726</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
As of and for the Year Ended June 30, 2021

Net change in fund balance - governmental fund	\$ 169,727
Amounts reported for governmental activities in statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,293) exceeded capital outlay (\$1,550) in the current period.	(743)
Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds.	3,732
Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such.	33,017
OPEB obligations reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(3,890)
Change in net position - government-wide statement of activities	<u>\$ 201,843</u>

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

STATEMENT OF FIDUCIARY FUND NET ASSETS - AGENCY FUND
June 30, 2021

ASSETS

Cash	<u>\$ 77,328</u>
------	------------------

LIABILITIES

Due to taxing bodies	<u>\$ 77,328</u>
----------------------	------------------

See notes to financial statements.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2021

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Sales and Use Tax Commission (the "Commission") was created by joint agreement of the sales and use taxing bodies of Morehouse Parish, Louisiana, on May 7, 1992, in accordance with Louisiana Revised Statute 33:2844. The purpose of the Commission is to provide centralized collection, enforcement, and administration of sales and use taxes within Morehouse Parish. The governing body of the Commission is comprised of nine non-compensated board members which are appointed as follows:

	<u>Members Appointed</u>
Morehouse Parish School Board	2
Morehouse Parish Police Jury	1
Sheriff of Morehouse Parish	1
City of Bastrop	2
Village of Mer Rouge	1
Village of Bonita	1
Village of Collinston	1

Each appointee of Morehouse Parish School Board and City of Bastrop, as well as the appointees of Morehouse Parish Police Jury and Sheriff of Morehouse Parish, have one full vote as a commissioner and the appointees from Village of Mer Rouge, Village of Bonita, and Village of Collinston have one-third vote each as a commissioner. Each appointed commissioner serves a one year term ending on June 30th of each year.

The Commission has entered into a joint agreement with Morehouse Parish Tourism Commission to collect, enforce, and administer the respective hotel/motel occupancy tax as authorized and levied by Morehouse Parish Tourism Commission within the boundaries of Morehouse Parish. The joint agreement also authorizes the Commission to institute suits in the name of Morehouse Parish Tourism Commission to enforce the collection of such tax. The joint agreement runs in perpetuity provided, however, that either party may withdraw from the agreement upon 90 day written notice to the authorized representative. For services performed by the Commission under the joint agreement, Morehouse Parish Tourism Commission pays the Commission \$50 per month for collection of ten and under account transactions of any tax activity. If the number of tax account activities exceeds the maximum of ten accounts, the collection fee will be negotiated between the two parties and attached as an amendment to the agreement.

NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Commission is a jointly appointed stand-alone government, as it meets neither the criteria of a primary government, nor a component unit, since its governing board is not elected, and it is not fiscally dependent upon any of the constituent governments. As used in GASB Statement No. 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget and set its own rates or charges. The Commission has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the appointed Board of Commissioners are financially accountable.

The more significant of the Commission's accounting policies are described below:

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Commission as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities summarizing the fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which report charges to users of the Commission's services. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included within the program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements are provided for governmental funds with the major governmental fund reported in a single column.

NOTES TO FINANCIAL STATEMENTS

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the Commission are prepared in accordance with generally accepted accounting principles (“GAAP”).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Government fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred. There are no major revenue sources susceptible to accrual.

Fiduciary fund reporting focuses on net assets and changes in net assets. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, fiduciary funds have no measurement focus, but use the modified accrual basis of accounting.

Fund Type and Major Fund:

The Commission reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the Commission and accounts for all financial resources.

The only fund accounted for as a fiduciary fund by the Commission is an agency fund. This fund accounts for assets held by the Commission as agent for various taxing bodies. These resources are not available to support the Commission.

Budgets and Budgetary Accounting:

The budget for the General Fund was proposed by the Commission’s administrator and formally adopted by the Board of Commissioners on June 11, 2020 and no amendments were made. The annual budget is prepared in accordance with the basis of accounting utilized by the fund. The Commission’s administrator is authorized to transfer budgeted amounts within the functions; however, any revisions that alter total expenditures, resulting from revenues exceeding amounts estimated, require approval of the Commissioners. All annual appropriations lapse at the end of each fiscal year.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates:

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

Cash:

Cash includes amounts in interest bearing demand deposits. 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 or any other state of the United States, or under the laws of the United States.

Certificates of Deposit:

State statutes authorize the Commission to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. If the original maturities of time deposits exceed 90 days, they are classified as certificates of deposit; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost, which approximates market value.

Restricted Assets:

Restricted assets are reported for cash legally restricted for specified uses such as the repayment of sales taxes paid under protest.

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

Capital Assets and Depreciation:

The Commission's furniture, equipment, and vehicle with useful lives of more than one year are stated at historical cost. Capital assets are comprehensively reported in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

The Commission generally capitalizes assets with cost of \$1,000 or more as purchase outlays occur. The costs of normal maintenance and repairs not adding to an asset's value or materially extending its useful life are not capitalized. Capital assets are depreciated using the straight-line method over estimated useful lives of five years. Upon disposition of capital assets, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Accumulated Compensated Absences Recorded as Long-Term Liabilities:

Allowable annual vacation and sick leave is prescribed by the Commission's personnel policy, based on length of continuous employment by the Commission, accrued on an employment anniversary basis, and accrued to specified maximums. Hourly employees may elect compensatory time in lieu of overtime pay with proper documentation and approval by the Commission's administrator. Compensatory time is granted to supervisory personnel in lieu of overtime pay.

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

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

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee 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 approaches:

1. 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.

NOTES TO FINANCIAL STATEMENTS

2. 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.

Annual vacation time should be taken in the year following that in which it was accrued but if not, a maximum of five days can be carried forward to use during the next year. If an employee is unable to utilize any vacation days over the maximum that may be carried forward, then the unused portion will be credited as extended sick leave.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year, if any, are recorded as long-term liabilities in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Compensated absences are paid from the fund responsible for the employee's compensation and are recorded in the fund financial statements only when payment is actually made.

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 Municipal Employees Retirement System (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Commission's deferred outflows and deferred inflows are resources related to pensions.

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. Investment in capital assets - consists of capital assets net of accumulated depreciation.
2. Restricted net position - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
3. Unrestricted net position - all other assets that do not meet the definition of "restricted" or "investment in capital assets".

In the fund financial statements, governmental fund equity is classified as fund balance. These statements provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Commission's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
2. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. Committed fund balance - amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level action to remove or change the constraint;
4. Assigned fund balance - amounts that the Commission intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition:

Fees for the collection of sales and use taxes are recorded when the Commission is entitled to the funds which is normally the same month the taxes are collected by the Commission.

Note 2. Deposits with Financial Institutions

As of June 30, 2021, the Commission had cash, restricted cash, and certificates of deposit (book balances) as follows:

Interest-bearing demand deposits	\$ 717,608
Certificates of deposit	100,000
Petty cash	<u>200</u>
	<u>\$ 817,808</u>

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank and deposited with an unaffiliated bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of June 30, 2021, the Commission had \$890,740 in deposits (collected bank balances). These deposits were secured from risk by \$350,000 of federal deposit insurance and \$540,740 of pledged securities held by Federal Home Land Bank and Raymond James.

There were no repurchase or reverse repurchase agreements as of June 30, 2021.

The Commission had not formally adopted deposit and investment policies as of June 30, 2021 that limit the Commission's allowable deposits or investments and address the specific types of risk to which the Commission might be exposed.

Note 3. Restricted Cash and Liability Payable from Same

Restricted cash of \$390,660 consist of funds required to be maintained and the use is restricted to the repayment of sales taxes paid under protest.

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset and depreciation activity for the year ended June 30, 2021 of the Commission is as follows:

	Balance July 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
Capital assets being depreciated:				
Leasehold improvements	\$ 12,000	\$ -	\$ -	\$ 12,000
Furniture and equipment	78,032	1,550	-	79,582
Vehicle	<u>27,731</u>	<u>-</u>	<u>-</u>	<u>27,731</u>
Total capital assets being depreciated	<u>\$ 117,763</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ 119,313</u>
Less accumulated depreciation:				
Leasehold improvements	\$(1,538)	\$(856)	\$ -	\$(2,394)
Furniture and equipment	(63,506)	(1,437)	-	(64,943)
Vehicle	<u>(27,731)</u>	<u>-</u>	<u>-</u>	<u>(27,731)</u>
Total accumulated depreciation	<u>\$(92,775)</u>	<u>\$(2,293)</u>	<u>\$ -</u>	<u>\$(95,068)</u>
Total capital assets being depreciated, net	<u>\$ 24,988</u>	<u>\$(743)</u>	<u>\$ -</u>	<u>\$ 24,245</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan and Other Pension Liabilities

The Commission's employees are provided with benefits through Municipal Employees Retirement System (Plan A) ("MERS"). MERS provides retirement benefits to employees of all incorporated villages, towns, cities, and tax boards or commissions within the state that do not have their own retirement system and have elected to become members of MERS.

General Information About MERS:

MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership, with exceptions outlined in the Louisiana Revised Statutes. The Commission participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

1. Any age with 25 or more years of creditable service
2. Age 60 with a minimum of 10 years creditable service
3. Any age with 5 years of creditable service for disability benefits
4. Survivor's benefits require 5 years of creditable service at death of member
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

1. Age 67 with 7 or more years of creditable service
2. Age 62 with 10 or more years of creditable service
3. Age 55 with 30 or more years of creditable service
4. Any age with 25 or more years of service, exclusive of military service and unused sick leave, with an actuarially reduced early benefit.

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death, and disability benefits are also provided under the plan.

NOTES TO FINANCIAL STATEMENTS

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (“DROP”) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP fund for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

For the years ended June 30, 2020 and 2019, the actual employer contribution rates were 27.75% and 26.00%, respectively, and the actuarially required contribution rates were 27.75% and 26.00%, respectively. State statutes require that rates be actuarially determined each year.

MERS receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations.

The estimated real rate of return for each major asset class is as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	38%	1.67%
Public equity	53%	2.33%
Alternatives	<u>9%</u>	<u>.40%</u>
Totals	<u>100%</u>	4.40%
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Under Plan A, members are required by state statute to contribute 10.00% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 29.75% of annual covered payroll. Contributions to MERS also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active member of each plan. The contribution requirements of plan members and the Commissions are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission’s contributions to the System under Plan A for the years ended June 30, 2021, 2020, and 2019 were \$30,021, \$31,922, and \$37,518, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources:

As of June 30, 2021 and 2020, the Commission reported a total of \$237,839 and \$315,456, respectively, for its proportionate shares of the net pension liability of MERS.

The net pension liabilities were measured as of June 30, 2020 and 2019, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those dates. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term contributions to MERS relative to the projected contributions of all participating employers, actuarially determined. The Commission's proportions of MERS as of June 30, 2020 and 2019 were .06 and .08%, respectively.

For the years ended June 30, 2021 and 2020, the Commission recognized pension expense of (\$5,430) and \$41,446, respectively.

In addition, the Commission reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2021:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ -	\$ 71,182
Changes in assumptions	4,002	-
Differences between expected and actual experience	110	1,349
Net difference between projected and actual earnings on pension plan investments	23,734	-
Contributions subsequent to the measurement date	<u>30,029</u>	<u>-</u>
 Total deferred outflows/inflows of resources	 <u>\$ 57,875</u>	 <u>\$ 72,531</u>

NOTES TO FINANCIAL STATEMENTS

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$(35,495)
2023	(18,062)
2024	5,393
2025	3,479
2026	-
Thereafter	-

Actuarial Assumptions:

The total pension liabilities in the June 30, 2020 actuarial valuations for MERS were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.50%
Salary increases	4.50% - 6.40%
Investment rate of return	7.00%
Actuarial cost method	entry age normal
Expected remaining service lives	3 years

Mortality rates were based on the PubG-2010 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and PubNS-2010 Disabled Retiree Table for disabled annuitants.

The investment rate of return was determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the system's actuary. Based on these assumptions, MERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Commission’s proportionate share of the net pension liability of MERS as of June 30, 2020, calculated using the discount rates as shown above, as well as what the proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate of 6.95%:

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	\$ 309,403	\$ 237,839	\$ 177,329

Pension Plan Fiduciary Net Position:

Detailed information about the plan’s fiduciary net position is available in the separately issued financial statements of MERS.

Note 7. Postemployment Health Care Benefits

Plan Description, Benefits Provided, and Funding Policy:

The Commission provides fully insured medical insurance coverage for current and retired employees (and eligible dependents) through the City of Bastrop’s (the “City” medical plan. The plan does not issue a stand-alone financial report. Additionally, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*.

To be eligible to continue coverage under the City’s plan, an employee must retire from the Commission and receive or be eligible to receive retirement funds through Deferred Normal Retirement/Vesting or Disabled Retirement from MERS. This benefit for retirees and a similar benefit for active employees are provided through an insurance company whose monthly premiums are paid by the City with the Commission making reimbursement payments.

The Commission pays 100% of the premium for eligible retirees and 50% for their eligible dependents.

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms:

As of June 30, 2021, two inactive employees were currently receiving benefit payments while three active employees were also receiving benefit payments.

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 valuation date	July 1, 2019
Inflation	2.40%
Salary increases, including inflation	3.00%
Discount rate	1.92%
Prior year discount rate	2.45%

The discount rate was based on the June 30, 2020 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

NOTES TO FINANCIAL STATEMENTS

Changes in Total OPEB Liability:

Balance - June 30, 2020	\$ <u>124,245</u>
Changes for the year:	
Service cost	\$ 4,881
Interest	2,390
Difference between actual and expected experience	(1,313)
Changes in assumptions/inputs	7,183
Benefit payments	<u>(9,252)</u>
Net changes	<u>\$ 3,890</u>
 Balance - June 30, 2021	 <u>\$ 128,135</u>

For the year ended June 30, 2021, the covered employee payroll was \$101,323 and the total OPEB liability as a percentage of covered employee payroll was 126.5%.

Sensitivity of Total OPEB Liability:

	1% Decrease	No Change	1% Increase
Discount rate	\$ 150,402	\$ 128,135	\$ 110,848
Healthcare cost trend rates	\$ 107,134	\$ 128,135	\$ 156,370

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB:

OPEB expense:	
Service cost	\$ 4,881
Interest on liabilities	2,390
Difference between actual and expected experience	(1,313)
Changes in assumptions/inputs	<u>7,183</u>
Total OPEB expense	<u>\$ 13,141</u>

Deferred outflows and inflows:

	Outflows	Inflows
Difference between actual and expected experience	\$ -	\$ 657
Changes in assumptions/inputs	<u>3,592</u>	<u>-</u>
Total deferred outflows and inflows	<u>\$ 3,592</u>	<u>\$ 657</u>

NOTES TO FINANCIAL STATEMENTS

Amounts reported for deferred outflows of resources and deferred inflows of resources related to OPEB expense of \$2,935 will be recognized in the year ending June 30, 2022.

Note 8. Changes in Due to Taxing Bodies

Balance July 1, 2020	<u>\$ 236,319</u>
Collections:	
Sales and use tax	\$ 20,607,188
Hotel/motel occupancy tax	57,008
Interest and miscellaneous	<u>1,427</u>
Total collections	<u>\$ 20,665,623</u>
Other decrease:	
Release of property taxes paid under protest	<u>\$ 201,418</u>
Remittances:	
Taxes distributed:	
Sales and use	\$ 20,136,401
Hotel/motel occupancy	57,008
Refunded sales and use tax	11,252
Revenue recovery fees	8,362
Collection fee to Commission	406,754
Other	<u>3,419</u>
Total remittances	<u>\$ 20,623,196</u>
Balance June 30, 2021	<u><u>\$ 77,328</u></u>

NOTES TO FINANCIAL STATEMENTS

The following details the collections and fees remitted to the Commission by each entity for the year ended June 30, 2021:

	<u>Total</u>	<u>Collection</u>	<u>Final</u>
	<u>Collections</u>	<u>Cost</u>	<u>Distribution</u>
Morehouse Parish School Board (2%)	\$ 7,768,693	\$ 153,820	\$ 7,614,873
Morehouse Parish Police Jury (.5%)	1,942,165	38,455	1,903,710
Morehouse Parish Police Jury			
Sales Tax District No. 1 (.5%)	132,916	2,632	130,284
Morehouse Parish Sheriff (.5%)	1,942,165	38,455	1,903,710
Law Enforcement Subdistrict No.1(1%)	1,283,249	25,408	1,257,840
City of Bastrop (2.5%)	5,838,055	115,593	5,722,461
City of Bastrop Sales Tax			
District No. 1 (.5%)	1,166,921	23,105	1,143,816
Village of Mer Rouge (2%)	376,778	7,460	369,317
Village of Bonita (2%)	47,096	933	46,163
Village of Collinston (2%)	45,117	893	44,227
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 20,543,155</u>	<u>\$ 406,754</u>	<u>\$ 20,136,401</u>

Note 10. Contingencies and Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There have been no significant reductions in the insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

As of June 30, 2021, the Commission and other similarly situated local taxing authorities have outstanding claims for refunds of sales taxes.

The Commission's legal counsel has instructed the local tax administrator not to release or disburse any taxes that have been paid under protest and are being held in escrow, and not to refund any taxes which the taxpayers are claiming to be entitled to receive. Counsel opines that the Commission is in a favorable prevailing posture but the outlook for this case remains uncertain. The parties will continue to contest claims vigorously and seek judicial involvement for the ultimate resolution of this case.

NOTES TO FINANCIAL STATEMENTS

As to the payments under protest, considering the fact that those payments are being held in escrow, the only exposure to the Commission if the case is decided adverse to the Commission would be statutory interest on the amounts refunded from escrow (see Note 3).

The Commission has been sued by a company protesting an assessment issued for tax, penalties, and interest amounting to \$342,171. The parties are currently in the process of conducting discovery; however there are discussions about the parties entering into an amicable compromise and settlement of the amounts at issue. The Commission's legal counsel is unable to say whether the parties will ultimately pursue settlement or seek to litigate the claims and defenses. As such, the collection of this tax is uncertain; however, the Commission is currently optimistic about the satisfactory outcome of this case.

Note 11. Subsequent Events

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. There were no significant adverse effects from COVID-19 on the Commission's financial position during the years ended June 30, 2020 and 2021. Although not expected, the Commission's future cash flows could be affected by an economic slowdown that results from measures taken to contain the spread of the virus. The Commission has determined that the potential impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2021, have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

Management of the Commission evaluated subsequent events through the date that the financial statements were available to be issued, March 3, 2022, and determined that no events had occurred requiring disclosure. No subsequent events occurring after this date were evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUND - GENERAL FUND
As of and for the Year Ended June 30, 2021

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:				
Charges for services	\$ 317,550	\$ 317,550	\$ 406,755	\$ 89,205
Interest and miscellaneous	3,100	3,100	1,136	(1,964)
Total revenues	<u>\$ 320,650</u>	<u>\$ 320,650</u>	<u>\$ 407,891</u>	<u>\$ 87,241</u>
Expenditures:				
Current:				
General government:				
Personal services	\$ 210,850	\$ 210,850	\$ 165,759	\$ 45,091
Operating services	58,000	58,000	44,301	13,699
Professional services	36,600	36,600	26,123	10,477
Travel and education	9,000	9,000	431	8,569
Capital outlay	6,200	6,200	1,550	4,650
Total expenditures	<u>\$ 320,650</u>	<u>\$ 320,650</u>	<u>\$ 238,164</u>	<u>\$ 82,486</u>
Net change in fund balance	\$ -	\$ -	\$ 169,727	\$ 169,727
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>259,384</u>	<u>259,384</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,111</u>	<u>\$ 429,111</u>

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	.06%	.08%	.09%	.09%	.09%	.09%	.09%
Proportionate share of net pension liability	\$ 237,839	\$ 315,456	\$ 382,421	\$ 377,491	\$ 371,483	\$ 334,522	\$ 236,223
Covered employees' payroll	\$ 105,145	\$ 139,750	\$ 168,617	\$ 163,872	\$ 161,902	\$ 159,833	\$ 139,734
Proportionate share of net pension liability as a percentage of covered employees' payroll	226.20%	225.73%	226.80%	230.36%	229.45%	209.29%	169.05%
Plan fiduciary net position as a percentage of total pension liability	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	75.45%

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 29,178	\$ 36,335	\$ 41,733	\$ 37,281	\$ 31,976	\$ 31,567	\$ 28,995
Contributions in relation to contractually required contribution	<u>29,178</u>	<u>36,335</u>	<u>41,733</u>	<u>37,281</u>	<u>31,976</u>	<u>31,567</u>	<u>28,995</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 105,145	\$ 139,750	\$ 168,617	\$ 163,872	\$ 161,902	\$ 159,833	\$ 139,734
Contribution as a percentage of covered employees' payroll	27.75%	26.00%	24.75%	22.75%	19.75%	19.75%	20.75%

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
June 30, 2021

Total OPEB liability:

Service cost	\$ 4,881
Interest	2,390
Difference between actual and expected experience	(1,313)
Changes in assumptions/inputs	7,183
Benefit payments	<u>(9,252)</u>
Net change in total OPEB liability	\$ 3,890
Total OPEB liability - beginning	<u>124,245</u>
Total OPEB liability - ending	<u>\$ 128,135</u>
Covered employee payroll	\$ 101,323
Total OPEB liability as a percentage of covered employee payroll	126.5%

Notes to schedule:

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. 1.92% was the discount rate used in 2021 and 2.45% was the discount rate used in 2020.

OTHER SUPPLEMENTARY INFORMATION

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
As of and For the Year Ended June 30, 2021

Agency Head Name: Milzokiya White, Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 58,000
Insurance	8,060
Retirement	<u>17,110</u>
Total compensation, benefits, and other payments to agency head	<u>\$ 83,170</u>

HILL, INZINA & COMPANY

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

Board of Commissioners
Morehouse Sales and Use Tax Commission
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Morehouse Sales and Use Tax Commission (“Commission”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated March 3, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-1 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of management and the board of commissioners and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/ Hill, Inzina & Co.

March 3, 2022

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION
As of and for the Year Ended June 30, 2021

We have audited the financial statements of the governmental activities and the major fund of Morehouse Sales and Use Tax Commission (the "Commission"), as of and for the year ended June 30, 2021, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 3, 2022. 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. Our audit of the financial statements as of June 30, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditor's Report

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*

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

Section II - Financial Statement Findings

2021-1 Inadequate Segregation of Duties (initially cited in first audit conducted by our firm as of and for the year ended June 30, 1994)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur in the finding, but it is not economically feasible for
corrective action to be taken.

Section III - Management Letter

None issued.

MOREHOUSE SALES AND USE TAX COMMISSION
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended June 30, 2021

Section II - Financial Statement Findings

2020-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential to a proper internal control.

Unresolved - 2021-1.

Section III - Management Letter

None issued.