

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 2014  
With Supplemental Information Schedules**

RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana

Annual Financial Statements  
As of and for the Year Ended June 30, 2014  
With Supplemental Information Schedules

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RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Arcadia, Louisiana  
Contents, June 30, 2014

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

**RICHLAND PARISH SALES AND  
USE TAX COMMISSION**  
Rayville, Louisiana

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of the Richland Parish Sales and Use Tax Commission as of June 30, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Tax Commission's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 Richland Parish Sales and Use Tax 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 Richland Parish Sales and Use Tax Commission's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**RICHLAND PARISH SALES  
AND USE TAX COMMISSION**  
Rayville, Louisiana  
Independent Auditor's Report,  
June 30, 2014

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Richland Parish Sales and Use Tax Commission as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10 and the budgetary comparison information on pages 29 through 30, 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. I 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 managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richland Parish Sales and Use Tax Commission's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules 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 my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

RICHLAND PARISH SALES  
AND USE TAX COMMISSION  
Rayville, Louisiana  
Independent Auditor's Report,  
June 30, 2014

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated August 25, 2014, on my consideration of the Richland Parish Sales and Use Tax Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Richland Parish Sales and Use Tax Commission's internal control over financial reporting and compliance.



West Monroe, Louisiana  
August 25, 2014

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**Richland Parish Sales and Use Tax Commission**  
**Rayville, Louisiana**

**Management's Discussion and Analysis**  
**June 30, 2014**

As management of the Richland Parish Sales and Use Tax Commission, I offer readers of the Richland Parish Sales and Use Tax Commission's financial statements this narrative overview and analysis of the financial activities of the Richland Parish Sales and Use Tax Commission for the fiscal year ended June 30, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Financial Highlights**

The Commission was created in 1992 by a joint agreement for the collection of sales, use taxes and other fees. The parties to the joint agreement are the Richland Parish School Board; Richland Parish Police Jury; Richland Parish Sheriff's Office; Town of Rayville, LA; Town of Delhi, LA; and Town of Mangham, LA. The purpose of the Commission is to collect sales and use taxes within the parish of Richland. The Commission is funded by the parties to the joint agreement on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected for all. The total amount of the annual funding is determined during the budget process and is collected monthly at the rate of one-twelfth of the annual amount.

The Commission remitted \$14,175,030 in taxes to its member agencies during the year ended June 30, 2014, an increase of \$202,579 or 1% over the prior fiscal year.

The expenditures of \$170,341 for the year ended June 30, 2014 reflect a decrease of \$2,963 over the prior fiscal year. The operations of the Commission for the year ending June 30, 2014 are expected to be similar to the current fiscal year.

**Overview of the Financial Statements**

The minimum requirements for Special Purpose Governments engaged in fiduciary activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* consists of the following three sections: 1) Management's Discussion and Analysis (this section), 2) the Basis Financial Statements (including the notes to the financial statements), and 3) Required Supplemental Information.

**Basic Financial Statements**

The basic financial statements present information for the Richland Parish Tax Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; Statement of Activities; Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances; and Statement of Fiduciary Net Assets.



**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Richland Parish Sales and Use Tax Commission's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Richland Parish Sales and Use Tax Commission's assets and liabilities, with the difference between the two 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 Richland Parish Sales and Use Tax Commission is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Richland Parish Sales and Use Tax Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Richland Parish Sales and Use Tax Commission can be divided into two categories: governmental funds and fiduciary (agency) funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Richland Parish Sales and Use Tax Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Richland Parish Sales and Use Tax Commission's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information* concerning the Richland Parish Sales and Use Tax Commission's performance.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Richland Parish Sales and Use Tax Commission exceeded liabilities by \$63,659. The largest portion of the Richland Parish Sales and Use Tax Commission's net position reflects its investment in capital assets (e.g., buildings and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

An additional portion of the Richland Parish Sales and Use Tax Commission's net position represents resources that are subject to external restrictions (e.g., compensated absences). The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Richland Parish Sales and Use Tax Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation assets.

#### STATEMENT OF NET POSITION

ASSETS	2014	2013
Cash and cash equivalents	\$14,283	\$5,433
Receivables	14,175	15,437
Prepays	1,730	2,156
Capital assets (net of accumulated depreciation)	50,086	56,261
<b>TOTAL ASSETS</b>	<b>80,274</b>	<b>79,287</b>
<b>LIABILITIES</b>		
Accounts payable	891	1,390
Salaries payable	480	
Withholdings payable	7,411	
Compensated Absences payable	7,833	6,978
<b>TOTAL LIABILITIES</b>	<b>16,615</b>	<b>8,368</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	50,086	56,261
Restricted for Compensated absences	7,833	6,978
Unrestricted	5,740	7,680
<b>TOTAL NET POSITION</b>	<b>\$63,659</b>	<b>\$70,919</b>

#### STATEMENT OF ACTIVITIES

	2014	2013
Finance and administrative:		
Personal services and related benefits	\$140,328	\$133,347
Operating services	25,302	21,641
Materials and supplies	2,975	3,037
Travel	2,591	2,919
Depreciation expense	6,175	5,344
Total Program Expenses	177,371	166,288
Program revenues:		
Fees, charges, and commissions for services	170,102	174,928
Net Program Expenses	(7,269)	8,640

General revenues:		
Interest earned	<u>\$9</u>	<u>\$13</u>
Change in Net Position	(7,260)	8,653
Net Position - Beginning of year	<u>70,919</u>	<u>62,266</u>
Net Position - End of year	<u>\$63,659</u>	<u>\$70,919</u>

## **Financial Analysis of the Government's Funds**

As noted earlier, the Richland Parish Sales and Use Tax Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, governmental fund balances of \$21,406 showed a decrease of \$230 over June 30, 2013. Of this fund balance, \$13,573 is unassigned.

A portion of the governmental fund balance is reserved for compensated absences. The reserved fund balance of \$7,833 increased by approximately \$855. Richland Parish Sales and Use Tax Commission anticipates that this amount will increase in future years to accommodate the liability for future payments.

## **General Fund Budgetary Highlights**

There were no budget amendments for the current year.

## **Capital Asset and Debt Administration**

**Capital assets.** The Richland Parish Sales and Use Tax Commission's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$50,086 (net of accumulated depreciation). This investment includes buildings, furniture and equipment. There were no increases or decreases during the year.

**Long-term debt.** At the end of the year, the Richland Parish Sales and Use Tax Commission has total long-term debt of \$7,833, which consists of compensated absences payable.

## **Requests for Information**

This financial report is designed to provide a general overview of the Richland Parish Sales and Use Tax Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Richland Parish Sales and Use Tax Commission, P.O. Box 688, Rayville, LA 71269-0688.

## **BASIC FINANCIAL STATEMENTS**

**Statement A**

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**STATEMENT OF NET POSITION  
June 30, 2014**

**ASSETS**

Cash and cash equivalents	\$14,283
Receivables	14,175
Prepays	1,730
Capital assets (net of accumulated depreciation)	<u>50,086</u>
<b>TOTAL ASSETS</b>	<b><u>80,274</u></b>

**LIABILITIES**

Accounts payable	\$891
Salaries payable	480
Withholdings payable	7,411
Compensated absences payable	<u>7,833</u>
<b>TOTAL LIABILITIES</b>	<b><u>16,615</u></b>

**NET POSITION**

Invested in capital assets, net of related debt	50,086
Restricted for Compensated absences	7,833
Unrestricted	<u>5,740</u>
<b>TOTAL NET POSITION</b>	<b><u>\$63,659</u></b>

The accompanying notes are an integral part of this statement.

RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana

STATEMENT OF ACTIVITIES  
June 30, 2014

Finance and administrative:	
Personal services and related benefits	\$140,328
Operating services	25,302
Materials and supplies	2,975
Travel	2,591
Depreciation expense	6,175
Total Program Expenses	<u>177,371</u>
Program revenues:	
Fees, charges, and commissions for services	<u>170,102</u>
Net Program Expenses	(7,269)
General revenues - Interest earned	<u>9</u>
Change in Net Position	(7,260)
Net Position - Beginning of year	<u>70,919</u>
Net Position - End of year	<u><u>\$63,659</u></u>

The accompanying notes are an integral part of this statement.

**RICHLAND PARISH SALES AND USE  
 TAX COMMISSION  
 Rayville, Louisiana  
 GOVERNMENTAL FUNDS**

Balance Sheet, June 30, 2014

**ASSETS**

Cash and cash equivalents	\$14,283
Receivables	14,175
Prepaid expenses	1,730
<b>TOTAL ASSETS</b>	<b><u>\$30,188</u></b>

**LIABILITIES AND FUND EQUITY**

## Liabilities:

Accounts payable	\$891
Salaries payable	480
Withholdings payable	7,411
<b>TOTAL LIABILITIES</b>	<b><u>8,782</u></b>
Fund Equity, fund balance:	
Reserved for compensated absences	7,833
Unassigned	13,573
<b>Total Fund Equity</b>	<b><u>21,406</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$30,188</u></b>

The accompanying notes are an integral part of this statement.

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position**

**For the Year Ended June 30, 2014**

<b>Total Fund Balances at June 30, 2014 - Governmental Funds (Statement C)</b>		<b><u>\$21,406</u></b>
<b>Cost of capital assets at June 30, 2014</b>	<b>\$108,921</b>	
<b>Less: Accumulated depreciation</b>	<b><u>(58,835)</u></b>	<b><u>50,086</u></b>
<b>Long term liabilities at June 30, 2014:</b>		
<b>Compensated absences payable</b>		<b><u>(7,833)</u></b>
<b>Net Position at June 30, 2014 (Statement A)</b>		<b><u><u>\$63,659</u></u></b>

The accompanying notes are an integral part of this statement.



RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures  
and Changes in Fund Balance

For the Year Ended June 30, 2014

**REVENUES**

Fees, charges, and commissions for services	\$170,102
Use of money and property	<u>9</u>
Total revenues	<u>170,111</u>

**EXPENDITURES**

## Finance and administrative:

## Current:

Personal services and related benefits	139,473
Operating services	25,302
Materials and supplies	2,975
Travel and other charges	<u>2,591</u>
Total expenditures	<u>170,341</u>

**EXCESS (Deficiency) OF REVENUES  
OVER EXPENDITURES**

(230)

**FUND BALANCE AT BEGINNING OF YEAR**

21,636

**FUND BALANCE AT END OF YEAR**

\$21,406

The accompanying notes are an integral part of this statement.

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities**

**For the Year Ended June 30, 2014**

<b>Total net change in fund balances - governmental funds (Statement D)</b>	<b>(\$230)</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
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 outlay for the period.	(6,175)
In the Statement of Activities, certain operating expenses - compensated absences - 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).	<u>(855)</u>
<b>Change in net position of governmental activities (Statement B)</b>	<b><u>(\$7,260)</u></b>

The accompanying notes are an integral part of this statement.

**Statement E**

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
Statement of Fiduciary Net Assets - Agency Fund**

**June 30, 2014**

**ASSETS**

Cash and cash equivalents

\$1,654,762

**LIABILITIES**

Due to others

\$1,654,762

The accompanying notes are an integral part of this statement.

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**Notes to the Financial Statements  
As of and For the Year Ended June 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article VII, Section 3 of the Louisiana Constitution of 1974, the Richland Parish Sales and Use Tax Commission serves as the collector of sales and use taxes for the parish. The Richland Parish Sales and Use Tax Commission was established by joint agreement for the collection of sales and use taxes and other fees on April 14, 1992. The commission is comprised of nine members, Chief Administrative Officer of Town of Rayville or designee, Chief Administrative Office of Town of Delhi or designee, Chief Administrative Officer of Town of Mangham or designee, Clerk of the Town of Rayville, President of Richland Parish Police Jury or designee, Secretary of Richland Parish Police Jury, Superintendent of Richland Parish School Board or designee, President of Richland Parish School Board or designee, and Richland Parish Sheriff or designee. The commissioners serve for indefinite terms and without benefit of compensation.

The accompanying financial statements of the Richland Parish Sales and Use Tax 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. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**A. REPORTING ENTITY**

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Richland 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 taxes within the parish. Based on the above, the commission was determined to be a separate governmental reporting entity. The commission includes all funds, account groups, activities, et cetera, 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 Richland 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

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
Notes to the Financial Statements (Continued)**

are governed by independently elected officials. They are neither controllable by nor answerable to the Richland Parish Sales and Use Tax Commission. Further, their operations do not require the approval of the commission nor is the commission legally or morally responsible for their actions. They are considered separate reporting entities and issue financial statements separate from those of the Richland Parish Sales and Use Tax Commission.

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The commission's basic financial statements include both government-wide (reporting the commission as a whole) and fund financial statements (reporting the commission's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the commission are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the commission, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The commission first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the commission's general revenues.

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION**  
Rayville, Louisiana  
Notes to the Financial Statements (Continued)

**Allocation of Indirect Expenses** - The commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The commission's current operations require the use of governmental and fiduciary funds as described below:

**Governmental Fund Type - General Fund**

The General Fund is the principal fund and is used to account for the operations of the commission. The commission's primary source of revenue is fees for the collection of sales and use taxes. General operating expenditures are paid from this fund.

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
Notes to the Financial Statements (Continued)**

**Fiduciary Fund Type - Sales Tax  
Collection Agency Fund**

The Sales Tax Collection Agency Fund is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities within the parish. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
Notes to the Financial Statements (Continued)**

liabilities of the current period. 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 is normally the same month the taxes are collected.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, fees, charges, and commissions for services are treated as susceptible to accrual.

**Expenditures:**

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

**E. CASH**

Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the commission has cash (book balances) totaling \$1,669,045.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at June 30, 2014, total \$1,723,968 and are fully secured by federal deposit insurance and pledged securities.



**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
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Notes to the Financial Statements (Continued)**

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The commission maintains a threshold level of \$100 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**G. VACATION AND SICK LEAVE**

All employees earn from 10 to 15 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 10 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 20 days and is paid to employees upon separation from service.

At June 30, 2014, employees of the commission have accumulated \$7,833 of employee leave benefits, computed in accordance with GASB Codification Section C60.

**H. RISK MANAGEMENT**

The sales tax 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

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
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Notes to the Financial Statements (Continued)**

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. No claims have been filed on the policy during the past three years nor is the commission aware of any unfiled claims.

**2. CHANGES IN CAPITAL ASSETS**

The following schedule presents changes in buildings, office furnishings and equipment for the year ended June 30, 2014:

Adjusted balance, June 30, 2013	\$108,921
Additions	NONE
Deletions	<u>NONE</u>
Balance, June 30, 2014	108,921
Less accumulated depreciation	<u>(58,835)</u>
Net Capital Assets	<u><u>\$50,086</u></u>

**3. PENSION PLAN**

All employees of the commission are members of the Parochial Employees' Retirement System of Louisiana (System) a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. This system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their

**RICHLAND PARISH SALES AND USE  
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Rayville, Louisiana  
Notes to the Financial Statements (Continued)**

employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements are required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 16% of annual covered payroll. Contributions to the System also include one-fourth of one percent (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 members of each plan.

The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by R.S. 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 ending June 30, 2014, 2013, and 2012, were \$17,423, \$16,904, and \$15,467, respectively, equal to the required contributions for each year.

**4. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in sales tax collection agency fund balance due to others follows:

Balance at July 1, 2013	\$1,653,294
Additions	14,324,745
Deductions	<u>(14,323,277)</u>
Balance at June 30, 2014	<u>\$1,654,762</u>

**5. FUND BALANCE RESERVE**

To provide assurances that it will be financially able to pay all compensated absence liabilities, the commission has set up a reserve account to fund those expenditures as they occur. The following schedule provides detail on changes in the reserve during the year ended June 30, 2014.

**RICHLAND PARISH SALES AND USE  
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Notes to the Financial Statements (Continued)**

Balance on hand at July 1, 2013	\$6,978
Additions	9,318
Reductions	(9,484)
Adjustments	<u>1,021</u>
Balance on hand at June 30, 2014	<u><u>\$7,833</u></u>

Adjustment to compensated absences balance at June 30, 2014, was made to reflect differences due to changes in beginning and ending pay rates.

**6. LITIGATION AND CLAIMS**

In the opinion of the commission's legal counsel, the commission is not involved in any litigation at June 30, 2014, that would materially affect the financial position of the commission nor is it aware of any unasserted claims.

**7. COLLECTION FOR OTHERS**

The following is a schedule of collections for others:

	<u>TOTAL COLLECTIONS</u>	<u>COLLECTION COSTS</u>	<u>FINAL DISTRIBUTION</u>
Richland Parish School Board	\$5,985,870	\$71,621	\$5,914,249
Richland Parish Police Jury	4,409,131	52,801	4,356,330
Richland Parish Sheriff	1,469,579	17,599	1,451,980
Town of Delhi	829,578	9,976	819,602
Town of Rayville	1,370,005	16,754	1,353,251
Town of Mangham	<u>110,866</u>	<u>1,351</u>	<u>109,515</u>
	<u><u>14,175,029</u></u>	<u><u>170,102</u></u>	<u><u>14,004,927</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2014

	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Fees, charges, and commissions for services	\$170,102	\$170,102	
Use of money and property - interest earnings		9	\$9
Total revenues	<u>170,102</u>	<u>170,111</u>	<u>9</u>
<b>EXPENDITURES</b>			
Finance and administrative			
Current:			
Personal services and related benefits	126,302	139,473	(13,171)
Operating services	36,000	25,302	10,698
Materials and supplies	3,100	2,975	125
Travel and other charges	3,700	2,591	1,109
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total expenditures	<u>170,102</u>	<u>170,341</u>	<u>(239)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	NONE	(230)	(230)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>21,636</u>	<u>21,636</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>NONE</u>	<u>\$21,406</u>	<u>\$21,406</u>

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2014**

A proposed budget, prepared on the modified accrual basis of accounting, is prepared by the Administrator of the Richland Parish Tax Commission on or before May 1<sup>st</sup> of each year. The budget is then legally adopted by the Board of Commissioners and amended during the year, as necessary. If agreement is not reached in adopting the proposed budget by June 15<sup>th</sup>, fifty percent of the amounts appropriated for the last fiscal year are deemed to be re-appropriated. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts.

**OTHER SUPPLEMENTARY INFORMATION**

**PART III**



**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 2014**

**GOVERNMENTAL FUND TYPE - GENERAL FUND**

The General Fund is used to account for the general operating expenditures of the commission. Schedule 3 provides a detail of expenditures, by category, for the General Fund.

RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL FUND

Schedule of Expenditures, By Character  
For the Year Ended June 30, 2014

**PERSONAL SERVICES**

Salaries	\$106,718
Medicare taxes	1,930
Retirement contributions	17,593
Group insurance contributions	12,952
Worker's compensation insurance	280
Total personal services	<u>139,473</u>

**OPERATING SERVICES**

Audit costs	4,696
Computer services	2,610
Dues and subscriptions	1,419
Insurance	638
Office building	1,183
Office expense	471
Other operating services	192
Repairs and maintenance - building, equipment and computer	269
Professional services	5,485
Postage and delivery	983
Telephone	3,320
Utilities	4,036
Total operating services	<u>25,302</u>

**MATERIALS AND SUPPLIES**

Building supplies	280
Office supplies	2,695
Total materials and supplies	<u>2,975</u>

**TRAVEL AND OTHER**

Travel	1,504
Seminars and training	1,087
Total travel and other	<u>2,591</u>
Total expenditures	<u><u>\$170,341</u></u>

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 2014**

**FIDUCIARY FUND TYPE - AGENCY FUND**

**SALES TAX COLLECTION FUND**

Article VII, Section 3 of the Louisiana Constitution of 1974, provides that the commission shall be authorized to serve as the single collector of sales and use taxes in Richland Parish. The Sales Tax Collection Agency Fund is used to account for the collection and distribution of these taxes to the appropriate taxing bodies.

**Schedule 3**

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana  
FIDUCIARY FUND TYPE - SALES TAX COLLECTION  
AGENCY FUND**

Schedule of Changes in Balances  
Due to Others  
For the Year Ended June 30, 2014

<b>DEPOSIT BALANCE AT BEGINNING OF YEAR</b>	<u><b>\$1,653,294</b></u>
<b>ADDITIONS</b>	
Sales tax collections	<u>14,324,745</u>
Total additions	<u>14,324,745</u>
<b>DEDUCTIONS</b>	
Taxes distributed to others:	
Richland Parish School Board	5,985,870
Richland Parish Police Jury	4,409,131
Richland Parish Sheriff	1,469,579
Town of Delhi	829,578
Town of Rayville	1,370,005
Town of Mangham	110,867
Revenue Recovery	<u>148,247</u>
Total deductions	<u>14,323,277</u>
<b>DEPOSIT BALANCE AT END OF YEAR</b>	<u><u><b>\$1,654,762</b></u></u>

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent Auditor's report on compliance with laws, regulations, and contracts, and internal control is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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

**RICHLAND PARISH SALES AND USE  
TAX COMMISSION  
Rayville, Louisiana**

I 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 Richland Parish Sales and Use Tax Commission as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Richland Parish Sales and Use Tax Commission's basic financial statements, and have issued my report thereon dated August 25, 2014.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exist 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 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.

RICHLAND PARISH SALES  
AND USE TAX COMMISSION  
Rayville, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2012

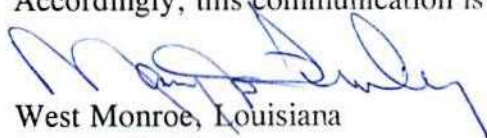
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

**Purpose of this Report**

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



West Monroe, Louisiana  
August 25, 2014



**RICHLAND PARISH SALES AND  
USE TAX COMMISSION  
Rayville, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The Auditor's report expresses an unqualified opinion on the financial statements of Richland Parish Sales and Use Tax Commission.
2. No instances of noncompliance material to the financial statements of Richland Parish Sales and Use Tax Commission was disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**RICHLAND PARISH SALES AND  
USE TAX COMMISSION  
Rayville, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2014**

**13-01 Collection of Expired Taxes**

**Finding:** The Richland Parish Sales and Use Tax Commission collected an expired sales tax during the 2012-2013 fiscal year. The Town of Rayville 1% sales tax had expired and the sales tax commission continued to collect the tax for approximately 8 months.

**Recommendation:** I recommend that the tax commission establish procedures to verify ending dates of all sales taxes collected.

**Conclusion:** This finding has been resolved.