

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD
LAKE CHARLES, LOUISIANA

FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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**Calcasieu Parish Sales Tax Agency
Of the Calcasieu Parish School Board**

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Independent Auditors' Report

Board Members
Calcasieu Parish Sales Tax Agency
of the Calcasieu Parish School Board
Lake Charles, Louisiana

Report on the Financial Statement

We have audited the accompanying financial statement of the Calcasieu Parish Sales Tax Agency (Tax Agency) of the Calcasieu Parish School Board (CPSB), as of and for the year ended June 30, 2017 and related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the Calcasieu Parish Sales Tax Agency of the Calcasieu Parish School Board, as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Calcasieu Parish Sales Tax Agency (an Agency fund of the Calcasieu Parish School Board) and does not purport to, and do not present fairly the financial position of the Calcasieu Parish School Board, as of June 30, 2017, the changes in its financial position, or, where applicable its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Agency's basic financial statements. The Schedule of Chief Executive Officer's Compensation (compensation schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The compensation schedule 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 of the Calcasieu Parish School Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements of the CPSB 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, based on our audit, the procedures performed as described above, and the report of the other auditors, the compensations schedule is fairly stated, in all material respects, in relation to the basic financial statements of the CPSB as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 on our consideration of the Tax Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tax Agency's internal control over financial reporting and compliance.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 20, 2017

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

STATEMENT OF FIDICIARY ASSETS AND LIABILITIES
JUNE 30, 2017

ASSETS

| | |
|---------------------|----------------------|
| Cash | 923,756 |
| Accounts receivable | 20,971,915 |
| Cash restricted | <u>410,016</u> |
| | <u>\$ 22,305,687</u> |

LIABILITIES

| | |
|--------------------------|----------------------|
| Deposits due others | 21,895,671 |
| Taxes paid under protest | <u>410,016</u> |
| | <u>\$ 22,305,687</u> |

The accompanying notes are an integral part of these financial statements

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Calcasieu Parish Sales Tax Agency (Tax Agency) has been formed under joint agreement of the Calcasieu Parish School Board, the Calcasieu Parish Police Jury, the City of Lake Charles, the City of Sulphur, the Town of Iowa, the Town of DeQuincy, the Town of Vinton, the Town of West Lake, Law Enforcement #1, and the Southwest Tourist Bureau for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 47:301. The Calcasieu Parish Tax Agency charges a collection fee to all agencies, except the Southwest Tourist Bureau, that is based upon a percentage derived from dividing the Tax Agency's total collections for that month by the Tax Agency's total expenditures. This percentage is then applied against the agency's total revenue collected and/or distributed during the period. This amount is billed to the agencies shortly after the end of the month. The fee for the Southwest Tourist Bureau is computed first by dividing the Tax Agency's direct costs for the previous month by the total amount collected by the Tax Agency for the previous month. This factor is then multiplied by the total amount collected for the Bureau by the Tax Agency for the current month. The Tax Agency collects the fee by withholding it as it deposits funds into the account designated by the Bureau.

A. REPORTING ENTITY For financial reporting purposes, in conformance with GASB statements, the Calcasieu Parish Sales Tax Agency is an agency fund of the Calcasieu Parish School Board. Accordingly, the accompanying financial statement presents only the accounts of the Tax Agency Fund and is not intended to present fairly the financial position of the Calcasieu Parish School Board in conformity with accounting principles generally accepted in the United States of America. The Calcasieu Parish Sales Tax Agency is included as part of the financial statements of the Calcasieu Parish School Board.

B. FUND ACCOUNTS A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Fiduciary funds are used to account for assets held in a fiduciary capacity. Agency funds are used to account for the monies temporarily held for others in a strictly custodial capacity. The Tax Agency is an agency fund as described below:

Fiduciary Fund - The Calcasieu Parish Sales Tax 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 and also occupancy taxes that are levied on hotel rooms, including overnight camping facilities. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. BASIS OF ACCOUNTING The basis of accounting for an agency fund is the accrual basis. The measurement focus is custodial, since the fund is not involved with the performance of governmental services. An agency fund has no revenues or expenditures and therefore there is no fund balance or need to measure the results of operations for a period.

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

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 2 – DEPOSITS

At June 30, 2017, the Tax Agency has cash and cash equivalents (book balances) totaling \$1,333,772. The cash balance at June 30, 2017 includes \$410,016 of restricted assets.

Bank deposits are stated at cost, which approximates fair value. Under state law that is intended to protect public funds from custodial credit risk, as described below, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk -Deposits: In the case of deposits this is the risk that in the event of a bank failure, the Tax Agency deposits may not be returned to it. At June 30, 2017, the bank balance of \$1,333,772 was either covered by federal depository insurance or pledged securities. 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.

As a fiduciary fund of the Calcasieu Parish School Board, the Tax Agency follows the School Board's policies. The School Board's policy addresses custodial risk by requiring funds on deposit to be collateralized by pledged "approved securities" as specified by State statute to adequately protect the funds of the School Board.

NOTE 3 - DEPOSITS DUE OTHERS

A summary of changes in deposits due others for the year ended June 30, 2017 is as follows:

| | |
|-------------------------------------------------------|----------------------|
| BALANCE, Beginning | \$ 18,036,288 |
| ADDITIONS: | |
| Sales tax collections | 383,232,258 |
| DEDUCTIONS: | |
| Taxes distributed to others: | |
| Calcasieu Parish School Board | 165,697,660 |
| City of Lake Charles | 64,231,598 |
| Calcasieu Parish Police Jury | 69,624,670 |
| Law Enforcement District #1 | 48,819,551 |
| City of Sulphur | 17,899,059 |
| City of DeQuincy | 1,426,353 |
| City of Westlake | 2,583,795 |
| Town of Iowa | 1,889,221 |
| Town of Vinton | 1,093,888 |
| SWLA Convention & Visitors Bureau | 6,076,735 |
| Transfer to School Board – Hotel-Motel Collection Fee | <u>30,345</u> |
| Total deductions | <u>379,372,875</u> |
| BALANCE, Ending | <u>\$ 21,895,671</u> |

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

NOTE 4 - ACCOUNTS RECEIVABLE

The balance in accounts receivable, \$20,971,915, represents sales tax and occupancy tax collections in July, 2017 for June sales.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

At June 30, 2017, the Calcasieu Parish Tax Agency was involved in multiple litigations. The lawsuits are in regard to taxes paid under protest by various vendors. There are currently several pending cases where the vendor has filed for a refund of taxes paid under protest. If the Tax Agency wins these pending cases, then the taxes paid under protest plus statutory interest will be retained by the Tax Agency and remitted to the appropriate jurisdiction. If the Tax Agency loses, then the taxes paid under protest plus statutory interest will be refunded to the vendor.

NOTE 6 - TAXES PAID UNDER PROTEST

There is currently \$410,016 in restricted assets for taxes paid under protest. The current balance is attributable to various vendors which have paid taxes under protest and interest that has been earned on those payments. Taxes paid under protest are being held in a separate bank account pending the outcome of any litigation and requests for refunds. There was an addition of \$79,396 of taxes collected under protest and \$3,304,172 of taxes settled during the 2016 - 2017 year.

NOTE 7 - SALES TAX COLLECTIONS AND DISBURSEMENTS

The following is a schedule of the sales tax collections and disbursements on a cash basis collected in behalf of payments made to local governmental entities for the fiscal year ended June 30, 2017.

| | <u>Total Collections</u> | <u>Final Distribution</u> | <u>Collection Fees</u> |
|--------------------------------------------------|------------------------------|-------------------------------|----------------------------|
| Calcasieu Parish School Board | | | |
| School Board (1.5 %) – 1968 & 2013 | \$ 97,653,256 | \$ 97,653,256 | \$ 450,170 * |
| School Board #3 (1.5%) 2000 | 3,385,287 | 3,385,287 | 15,606 * |
| School Board Salary (0.5%) 2015 (renewal) | 32,549,361 | 32,549,361 | 150,049 * |
| School Board Salary (0.5%) 2015 | <u>32,109,756</u> | <u>32,109,756</u> | <u>148,022 *</u> |
| | 165,697,660 | 165,697,660 | 763,847 * |
| City of Lake Charles | | | |
| City of Lake Charles (1%) 2015 | 25,886,720 | 25,733,827 | 120,166 |
| City of Lake Charles Salary (1/4%) 2015 | 6,471,689 | 6,433,465 | 30,042 |
| City of Lake Charles (1%) 2017 | 25,886,721 | 25,733,827 | 120,166 |
| City of Lake Charles (1/4%) 2016 | <u>6,366,572</u> | <u>6,330,479</u> | <u>29,561</u> |
| | 64,611,702 | 64,231,598 | 299,935 |
| Calcasieu Parish Police Jury | | | |
| Police Jury District #1 (1 %) 2004 | 29,856,179 | 28,923,474 | 130,777 |
| Police Jury District #4A (1.5%) 2011 | <u>42,091,708</u> | <u>40,701,196</u> | <u>184,030</u> |
| | 71,947,887 | 69,624,670 | 314,807 |
| Calcasieu Parish Law Enforcement District | | | |
| LED #2 (0.5%) 2016 | 33,136,636 | 32,544,947 | 149,958 |
| LED (.25%) 2013 | <u>16,570,266</u> | <u>16,274,604</u> | <u>74,989</u> |
| | 49,706,902 | 48,819,551 | 224,947 |

(Continued)

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2017

| | <u>Total Collections</u> | <u>Final Distribution</u> | <u>Collection Fees</u> |
|--------------------------------------------------|------------------------------|-------------------------------|----------------------------|
| City of Sulphur | | | |
| City of Sulphur (1%) 1966 | 7,218,138 | 7,159,624 | 33,498 |
| City of Sulphur (1%) 2005 | 7,218,138 | 7,159,624 | 33,498 |
| City of Sulphur (.5%) 2011 | <u>3,609,067</u> | <u>3,579,811</u> | <u>16,750</u> |
| | 18,045,343 | 17,899,059 | 83,746 |
| City of Dequincy | | | |
| City of Dequincy (1%) 1966 | 568,671 | 570,541 | 2,671 |
| City of Dequincy (1%) 2011 | 568,671 | 570,541 | 2,671 |
| City of Dequincy (0.5%) 2012 | <u>284,337</u> | <u>285,271</u> | <u>1,336</u> |
| | 1,421,679 | 1,425,353 | 6,678 |
| City of Westlake | | | |
| City of Westlake (1 %) 1990 | 1,067,070 | 1,033,518 | 4,857 |
| City of Westlake (1%) 2007 | 1,067,070 | 1,033,518 | 4,857 |
| City of Westlake (0.5%) 2007 | <u>533,533</u> | <u>516,759</u> | <u>2,429</u> |
| | 2,667,673 | 2,583,795 | 12,143 |
| Town of Iowa | | | |
| Town of Iowa (1%) 2006 | 760,697 | 755,688 | 3,526 |
| Town of Iowa (1%) 2007 | 760,697 | 755,688 | 3,526 |
| Town of Iowa (0.5%) 2012 | <u>380,348</u> | <u>377,845</u> | <u>1,764</u> |
| | 1,901,742 | 1,889,221 | 8,816 |
| Town of Vinton | | | |
| Town of Vinton (1 %) 1975 | 438,304 | 437,555 | 2,059 |
| Town of Vinton (1 %) 2004 | 438,304 | 437,555 | 2,059 |
| Town of Vinton (0.5%) 2013 | <u>219,153</u> | <u>218,778</u> | <u>1,030</u> |
| | 1,095,761 | 1,093,888 | 5,148 |
| SWLA Convention & Visitors Bureau (4%) 2005** | <u>6,135,909</u> | <u>6,076,735</u> | <u>30,345</u> |
| Totals | <u>\$ 383,232,258</u> | <u>\$ 379,342,530</u> | <u>\$ 1,750,412</u> |

(Concluded)

Tax year presented in the above table is the calendar year in which the tax became effective.

Entities are billed monthly for prior months collections fees based of prior months expenditures.

*The School Board does not pay a collection fee but is allocated a cost (the same percentage as all entities are each month) in relation to total collections and total expenditures.

** SWLA Convention and Visitors Bureau is the only entity that has collection fees withheld when distributed.

CALCASIEU PARISH SALES TAX AGENCY
OF THE CALCASIEU PARISH SCHOOL BOARD

SCHEDULE OF CHIEF EXECUTIVE OFFICER'S COMPENSATION
JUNE 30, 2017

Compensation, Benefits and Other Payments to the Superintendent*

| <u>Purpose</u> | Karl Bruchhaus |
|---------------------------|-------------------|
| | <u>Amount</u> |
| Salary | \$ 165,250 |
| Benefits-Health insurance | 7,848 |
| Benefits-Retirement | 44,893 |
| Benefits-Medicare | 2,438 |
| Benefits-Life insurance | 178 |
| Benefits-Workers Comp | 1,572 |
| Car allowance | 10,800 |
| Registration fees | 845 |
| Conference travel | 911 |
| Other-Phone | 288 |
| Other-Professional Dues | 830 |
| Total | <u>\$ 235,853</u> |

* The superintendent of the Calcasieu Parish School Board serves as the Agency's CEO



Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 - Baton Rouge, LA 70809
225-922-4600 Phone - 225-922-4611 Fax - pncpa.com

A Professional Accounting Corporation

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

Independent Auditors' Report

Board Members
Calcasieu Parish Sales Tax Agency
of the Calcasieu Parish School Board
Lake Charles, 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 statement of the Calcasieu Parish Sales Tax Agency of the Calcasieu Parish School Board (Tax Agency) as of and for the year ended June 30, 2017 and the related notes to the basic financial statement, which collectively comprise the Tax Agency's basic financial statement, and have issued our report thereon dated December 20, 2017.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Calcasieu Parish Sales Tax Agency and does not purport to, and does not, present fairly the financial position of the Calcasieu Parish School Board, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Agency's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Tax Agency'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 Tax Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 20, 2017