Webster Parish Sales and Use Tax Commission

Minden, Louisiana

Annual Financial Report

December 31, 2016

Webster Parish Sales and Use Tax Commission
Minden, Louisiana

Annual Financial Report
As of and for the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Webster Parish Sales and Use Tax Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Funding Progress for Other Post-Employment Benefits, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions on pages 5-9 and 49-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 29, 2017 on our consideration of the Webster Parish Sales and Use Tax Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Wise Martin & Cole, LLC

Minden, Louisiana
June 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION
(PART I)

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

Webster Parish Sales and Use Tax Commission
Management's Discussion and Analysis (MD&A)
December 31, 2016

Our discussion and analysis of the Webster Parish Sales and Use Tax Commission's (the Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2016.

This year, the Commission adopted a new statement of financial accounting standard issued by the Governmental Accounting Standards Board, the *Statement No. 72, Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). This statement provides guidance for determining fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The adoption of Statements No. 72 has no impact on the net position of government wide statements or the fund financial statements.

FINANCIAL HIGHLIGHTS

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

- The Commission's net position decreased by $29,198.
- As of the close of the current fiscal year, the unrestricted net position of the Commission was $115,361 or 28% of total program expenses for the fiscal year.
- The Commission's revenue received from charges for services for the year ended December 31, 2016 was $381,686, a decrease of $42,305 from the revenue received from charges for services of $423,991 in 2015. Overall, sales tax collections in 2016 were $3,137,222 less than prior year's collections.

USING THIS ANNUAL REPORT

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

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

Independent Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Fund Financial Statements

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

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

The Commission as Trustee

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

THE WEBSTER PARISH SALES AND USE TAX COMMISSION AS A WHOLE

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

Table 1
Net Position

	2016	2015	Change
Current and other assets	$ 809,537	$ 860,030	$ (50,493)
Capital assets, net of depreciation	40,120	8,429	31,691
Total assets	849,657	868,459	(18,802)
Deferred outflows	78,668	36,986	41,682
Current liabilities	150,645	151,107	(462)
Long-term liabilities	611,051	552,502	58,549
Total liabilities	761,696	703,609	58,087
Deferred inflows	11,148	17,157	(6,009)
Net Position			
Net investment in capital assets	40,120	8,429	31,691
Unrestricted	115,361	176,250	(60,889)
Total net position	$ 155,481	$ 184,679	$ (29,198)

Net position of the Commission's governmental activities for December 31, 2016 was $155,481. Unrestricted net position that is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was $115,361.

Table 2
Changes in Net Position

	2016	2015	Change
Revenues:			
Program revenues			
Charges for services	$ 381,686	$ 423,991	$ (42,305)
Operating grants/contributions	1,837	1,780	57
General revenues			
Interest earned	2,670	1,654	1,016
Other revenue	1,481	3,788	(2,307)
Total revenues	387,674	431,213	(43,539)
Expenses:			
Program expenses			
Office expense	68,493	65,108	3,385
Personnel services	304,392	257,520	46,872
Insurance expense	3,576	3,139	437
Legal and audit expense	20,448	18,101	2,347
Travel expense	4,799	5,918	(1,119)
Utilities	7,052	6,611	441
Maintenance and repairs	2,316	2,097	219
Other expense	1,692	2,000	(308)
Depreciation	4,104	4,079	25
Total program expenses	416,872	364,573	52,299
Change in net position	(29,198)	66,640	(95,838)
Net position, beginning, as originally stated	184,679	623,954	(439,275)
Prior period adjustment	-	(505,915)	505,915
Net position, beginning - restated	184,679	118,039	66,640
Net position, ending	$ 155,481	$ 184,679	$ (29,198)

Governmental Activities

The cost of all governmental activities this year was $416,872. The 2016 program expenses increased by $52,299 compared to last year. A majority of the cost increases occurred within personnel costs in 2016. Specifically, salaries, retirement and health costs were more than the prior year.

THE WEBSTER PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds reported a fund balance of $658,892; this is a decrease of $50,031 over the 2015 fund balance of $708,923.

Total revenues received for the year ended December 31, 2016 was $385,837; this is a decrease of $43,597 from the total revenue received of $429,434 in 2015. This was attributed to the decrease in overall collections during 2016.

Total expenditures for the year ended December 31, 2016 were $435,868; this is an increase of $46,680 from total expenditures of $389,188 in 2015. Part of the increase in expenditures comes from costs this past year due to the purchase of software totaling $34,680, as well as additional health insurance costs of $10,762, as more employees chose to participate in the Commission's group health insurance in 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commission made one amendment to the original 2016 budget. The amendments to the budget decreased the line items for collection fee revenues, as well as decreased budgeted expenses for office expense, utilities, and in other expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2016, the Commission had $40,120 invested in capital assets, including equipment, and furniture and fixtures. This amount represents a net increase (including additions, deductions, and depreciation) of $31,691, or 376%, over last year.

	2016	2015	Change
Equipment	$ 149,920	$ 112,528	$ 37,392
Furniture and fixtures	19,309	19,309	-
Total	169,229	131,837	37,392
Less accumulated depreciation	129,109	123,408	5,701
Net capital assets	$ 40,120	$ 8,429	$ 31,691

DEBT

The Commission has been able to operate without obtaining debt. However due to the implementation of GASB Statement 45 and 68, the Commission does recognize long-term obligations. See Notes 4, 9 and 10 for further details on the long-term obligations of the Commission.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Our elected and appointed officials and citizens consider many factors when setting the Webster Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. Sales tax collection fees make up the majority of our total revenues. We have budgeted little change in revenue and expenditures for the year ending December 31, 2017.

CONTACTING THE SALES AND USE TAX COMMISSION'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Net Position
December 31, 2016

ASSETS	Governmental Activities
Cash	$ 533,927
Investments	261,586
Accounts receivable	7,643
Due from agency fund	1
Prepaid assets	6,380
Capital assets (net)	40,120
TOTAL ASSETS	849,657
DEFERRED OUTFLOWS	
Deferred outflows on pension	78,668
LIABILITIES	
Liabilities:	
Accounts payable	12,910
Unearned revenue	137,735
Long term liabilities	
Due within one year	25,258
Due in more than one year	585,793
TOTAL LIABILITIES	761,696
DEFERRED INFLOWS	
Deferred inflows on pension	11,148
NET POSITION	
Invested in capital assets, net of related debt	40,120
Unrestricted	115,361
TOTAL NET POSITION	$ 155,481

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Statement of Activities
For the Year Ended December 31, 2016

EXPENSES	Governmental Activities
Office expense	$ 68,493
Personnel services	304,392
Insurance expense	3,576
Legal and audit expense	20,448
Travel expense	4,799
Utilities	7,052
Maintenance and repairs	2,316
Other	1,692
Depreciation	4,104
TOTAL PROGRAM EXPENSES	416,872
PROGRAM REVENUES	
Charges for services	381,686
Operating grant and contributions	1,837
TOTAL PROGRAM REVENUES	383,523
NET PROGRAM REVENUE	(33,349)
GENERAL REVENUES	
Interest	2,670
Other	1,481
TOTAL GENERAL REVENUES	4,151
INCREASE IN NET POSITION	(29,198)
NET POSITION - BEGINNING OF YEAR	184,679
NET POSITION - END OF YEAR	$ 155,481

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

FUND FINANCIAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

Balance Sheet - Governmental Fund
December 31, 2016

	General Fund
ASSETS	
Cash	$ 533,927
Investments	261,586
Receivables	7,643
Due from agency fund	1
Prepaid items	6,380
TOTAL ASSETS	$ 809,537
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 12,910
Unearned revenue	137,735
TOTAL LIABILITIES	150,645
Fund balance:	
Nonspendable - prepaid items	6,380
Unassigned	652,512
TOTAL FUND BALANCE	658,892
TOTAL LIABILITIES AND FUND BALANCE	$ 809,537

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balance, Total Governmental Fund (Statement C)		$ 658,892
The cost of capital assets (furniture and equipment) purchased is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Commission as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the program reported as governmental activities in the Statement Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.		
Costs of capital assets	$ 169,229	
Depreciation expense to date	(129,109)	40,120
Deferred outflows/inflows related to pensions are not due and payable in the current period and accordingly are not recorded in the fund financials		
Deferred outflows on pension		78,668
Deferred inflows on pension		(11,148)
Long-term liabilities applicable to the Commission which are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position.		
Compensated absences payable	(25,258)	
OPEB liability	(21,127)	
Pension liability	(564,666)	(611,051)
Net Position of Governmental Activities (Statement A)		$ 155,481

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	General Fund
REVENUES	
Local sources:	
Collection fees	$ 381,686
Interest	2,670
Other	1,481
TOTAL REVENUES	385,837
EXPENDITURES	
Current:	
Office expense	68,494
Personnel services	291,696
Insurance expense	3,576
Legal and audit expense	20,448
Travel expense	4,799
Utilities	7,052
Maintenance and repairs	2,316
Capital outlay	37,487
TOTAL EXPENDITURES	435,868
Net Change in Fund Balance	(50,031)
FUND BALANCE - BEGINNING OF YEAR	708,923
FUND BALANCE - END OF YEAR	$ 658,892

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balance, Governmental Fund (Statement E)		$ (50,031)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following details the amount by which capital outlay exceeds depreciation in the current period:		
Capital outlays	$ 35,795	
Depreciation	(4,104)	31,691
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned, $25,435, was more than the amounts used ($24,305), by $1,130.		(1,130)
The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.		(5,489)
The Statement of Activities reflects the effects of other post-employment benefits (OPEB), which is based on an alternative measurement determination that is increased over an amortized period and decreased for amounts actually paid during the year. The governmental funds reflect only the payments made as current year expenditures. The change in OPEB liability was:		(4,239)
Change in Net Position of Governmental Activities (Statement B)		$ (29,198)

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Resources (inflows)				
Local sources:				
Collection fees	$ 421,858	$ 380,250	$ 381,686	$ 1,436
Interest	-	-	2,670	2,670
Other	-	-	1,481	1,481
Amounts available for appropriations	421,858	380,250	385,837	5,587
Charges to appropriations (outflows)				
General government:				
Office expense	80,400	68,975	68,494	481
Personnel services	286,607	295,407	291,696	3,711
Insurance expense	3,120	3,120	3,576	(456)
Legal and audit expense	25,698	19,000	20,448	(1,448)
Travel expense	7,104	5,500	4,799	701
Utilities	7,225	6,675	7,052	(377)
Maintenance and repairs	5,400	2,575	2,316	259
Capital outlay	40,100	38,650	37,487	1,163
Total charges to appropriations	455,654	439,902	435,868	4,034
Net Change in Fund Balance	(33,796)	(59,652)	(50,031)	9,621
BUDGETARY FUND BALANCE, BEGINNING	668,677	708,923	708,923	-
BUDGETARY FUND BALANCE, ENDING	$ 634,881	$ 649,271	$ 658,892	$ 9,621

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

WEBSTER PARISH SALES AND USE TAX COMMISSION

Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
December 31, 2016

	Agency Fund
ASSETS	
Cash	$ 50
Sales tax receivable	2,759,139
Due from government agencies	76,331
TOTAL ASSETS	$ 2,835,520
LIABILITIES	
Due to governments agencies	$ 2,739,188
Payable to others	96,331
Due to general fund	1
TOTAL LIABILITIES	$ 2,835,520

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is currently comprised of eleven members, one appointed by each taxing body. The Village of Doyline was not represented on the board at the end of the year. Each Commissioner will have one vote with the exception of those who represent taxing bodies having revenues in excess of one million dollars, which will have two votes. Commissioners serve without compensation.

GASB Statement 14 establishes 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 considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 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 also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the appointed Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship.

B. FUNDS

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

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

Governmental Funds

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

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

Fiduciary Funds

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

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

Program revenues Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

Allocation of indirect expenses The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is considered an indirect expense and is reported separately on the Statement of Activities.

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

Fund Financial Statements (FFS)

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

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

Revenues

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

Interest income is recorded monthly as interest is earned.

Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

Expenditures

Salaries are recorded as earned.

Other Financing Sources (Uses)

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

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

D. BUDGETS

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

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

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

Appropriations (unexpended budget balances) lapse at year end.

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

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

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

State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

E. DEPOSITS AND INVESTMENTS

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

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

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

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

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

Type of Investment	Level 2
Louisiana Asset Management Pool (LAMP)	$ 261,586

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

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

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit risk: Lamp is rated AAAm by Standard & Poor's.

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

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

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosures using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 47 days as of December 31, 2016.

Foreign currency risk: Not applicable to 2a7-like pools.

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

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

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

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130 or contact by phone at 800-249-5267.

F. CAPITAL ASSETS

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

G. UNEARNED REVENUE

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

H. COMPENSATED ABSENCES

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

Carrying Annual Vacation Leave Forward:

a. Earned annual leave not taken by an employee may be accumulated up to 30 days and carried forward into the next calendar year. Employees may not take more than 30 days at one given time except with approval by the Commission.

b. Upon separation from service, payment for the accrued annual vacation leave up to the days of separation shall be paid. The rate of pay shall be computed on the basis of the rate the employee is receiving at the time of separation.

c. Upon death, annual vacation leave accrued to employees' credit shall be computed and the value thereof shall be paid to his or her heirs, except that such payment for accrued leave shall not exceed thirty (30) days. The rate of pay shall be computed on the basis of the rate the employee was receiving at the time of his or her death.

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

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

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

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

a. The employees' right to receive compensation is attributable to services already rendered.

b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

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

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

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

I. PENSIONS

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

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has one item that qualifies for reporting in this category. The Statement of Net Position also reports the Commission's proportionate share of the deferred outflows of resources related to pensions. See Note 4 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has one item that qualifies for reporting in this category. The Statement of Net Position reports the Commission's proportionate share of the deferred inflows of resources related to pensions. See Note 4 for more information.

K. 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.

L. PREPAID ASSETS

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

M. FUND BALANCE OF FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2016, the Commission had the following investments:

Investment type	Maturities	Fair Value	Concentration of Credit Risk
Louisiana Asset Management Pool (LAMP)	Less than 1 year	$ 261,586	100%

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end, the Commission's carrying amount of deposits was $533,977 and the bank balance was $543,705.

These deposits are reported as follows:

Statement A – Cash	$ 533,927
Statement H – Cash	50
Total	$ 533,977

Of the bank balance, $250,000 was collateralized with FDIC Insurance. The remaining balance of $293,705 was collateralized by pledged securities. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

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

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

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

NOTE 3 – CAPITAL ASSETS

The changes in capital assets of governmental activities follow:

	Balance Beginning	Additions	Deletions	Balance Ending
Equipment	$ 112,528	$ 37,392	$ -	$ 149,920
Furniture and fixtures	19,309	-	-	19,309
Total	131,837	37,392	-	169,229
Less accumulated depreciation	(123,408)	(5,701)	-	(129,109)
Capital assets, net	$ 8,429	$ 31,691	$ -	$ 40,120

NOTE 4 – TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

Plan Description

Employees of the Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly-available financial report that can be obtained at www.trsl.org.

Benefits Provided

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

Retirement Benefits:

1. NORMAL RETIREMENT

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

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

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

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable benefit factor, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options

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

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

2. DEFERRED RETIREMENT OPTION PROGRAM (DROP)

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

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

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

3. DISABILITY BENEFITS

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

4. SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with at least five years of creditable service (2 years immediately prior to death) but less than 10 years creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the surviving spouse's benefit ceases.

A surviving spouse with minor children of a deceased active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to a benefit equal to the greater of (a) $600 per month. Or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

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

A surviving spouse without minor children of an deceased active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Optional Retirement Plan (ORP)

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

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year beginning July 1, 2015 are as follows:

2016 TRSL Sub Plan	Contributions	
	Employee	Employer
K-12 Regular Plan	8.0%	26.3%
Higher Ed Regular Plan	8.0%	25.3%
Plan A	9.1%	31.3%
Plan B	5.0%	28.8%

ORP	Contributions	
	Employee	Employer
2016	8.0	22.0%

The Commission's contractually required composite contribution rate for the year ended December 31, 2016 was 26.3% through June 30, 2016, and decreased to 25.5% of annual payroll on July 1, 2016, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the Commission were $53,832 for the year ended December 31, 2016.

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

At December 31, 2016, the employer reported a liability of $564,666 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Commission's proportion was .00481%, which was an increase of .00005% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Commission recognized pension expense of $61,158.

At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ -	$ 11,148
Net difference between projected and actual earnings on pension plan investments	41,099	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,069	-
Employer contributions subsequent to the measurement date	26,500	-
Total	$ 78,668	$ 11,148

The Commission reported $26,500 as deferred outflows of resources related to pensions, which represent Commission contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	$ 4,536
2018	4,536
2019	21,399
2020	10,549

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.75% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation rate of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.23%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	**Long-Term Expected Real Rate of Return**
Domestic equity	4.50%
International equity	5.31%
Domestic fixed income	2.45%
International fixed income	3.28%
Private Equity	6.80%
Other Private Assets	4.82%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Employer's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the Employer's proportionate share of the net pension obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	Changes in discount rate		
	1% decrease 6.75%	Current rate 7.75%	1% increase 8.75%
Employer's proportionate share of the net pension liability	$704,312	$ 564,666	$ 445,838

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Commission recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2016, the Commission recognized revenue as a result of support received from non-employer contributing entities of $1,837 for its participation in TRSL.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRSL 2016 Comprehensive Annual Financial Report at www.trsl.org.

Payables to the Pension Plan

At December 31, 2016, the Commission had a liability of $7,188 to the Teachers' Retirement System of Louisiana for the December 2016 employee and employer legally required contributions.

NOTE 5 – ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables at December 31, 2016, are as follows:

Accounts payable to vendors	$ 4,762
Payroll liabilities	2,346
Retirement and insurance payable	5,802
Total accounts payable	$ 12,910

NOTE 6 – COMPENSATED ABSENCES

At December 31, 2016, employees of the Commission have accumulated and vested $25,258 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 7 – AGENCY FUND DEPOSITS DUE OTHERS

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

	Balance Beginning	Additions	Deletions	Balance Ending
Sales tax collections	$ 2,777,524	$ 27,048,376	$ 27,066,761	$ 2,759,139
Occupational license fees	-	215,817	215,817	-
Total	$ 2,777,524	$ 27,264,193	$ 27,282,578	$ 2,759,139

The following is a detail of changes in agency fund deposits due others for the collections and payments made to local governmental entities for sales tax collections during the year ended December 31, 2016:

Balance, Beginning	$ 2,777,524
Receipts:	
Sales tax collections	27,048,375
Disbursements:	
Webster Parish School Board	12,363,606
Webster Parish Police Jury	2,713,081
Webster Parish Sheriff	2,711,973
Webster Parish Tourism Commission	171,359
City of Minden	5,366,784
City of Springhill	2,372,339
Town of Cotton Valley	61,633
Town of Cullen	82,830
Town of Sibley	273,687
Town of Sarepta	78,576
Village of Dixie Inn	291,608
Village of Doyline	57,947
Sales tax collection fee	378,664
Fee for audit of sales tax vendors	123,370
Refunds to sales tax vendors	19,303
Total disbursements	27,066,760
Balance, Ending	$ 2,759,139

NOTE 8 – ACCOUNTS RECEIVABLE

Accounts receivable of $2,759,139 is reported in the fiduciary fund. No allowance for doubtful accounts was established as the full amount will be collected.

Accounts receivable of $7,643 is reported in the general fund. This amount represents amounts due from businesses for insufficient checks issued in 2016.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Effective with the fiscal year ended December 31, 2009, the Commission implemented Government Accounting Standards Board Statement 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions." (GASB 45) The Commission elected to implement GASB 45 prospectively.

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

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

The plan is currently financed on a "pay as you go basis" with the Commission contributing $5,354 for one retiree for the year ended December 31, 2016.

Annual Other Post-Employment Benefit Cost and Liability The Commission's annual other post-employment benefit (OPEB) cost (expense) is calculated on the annual required contributions of the employer (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over the average remaining life expectancy of the plan's participants. A seven year amortization period was used for post-employment benefits. The total ARC for fiscal year 2016 is $9,171 as set forth below:

Normal cost	$ -
30-year UAL amortization amount	9,171
Annual required contribution (ARC)	$ 9,171

The following table presents the Commission's OPEB Obligation for fiscal year 2014, 2015 and 2016:

	2016	2015	2014
Beginning Net OPEB Obligation January 1	$ 16,888	$ 17,195	$ 15,257
Annual required contribution	9,171	8,365	13,517
Interest on prior year Net OPEB Obligation	422	430	381
Annual OPEB Cost	9,593	8,795	13,898
Less current year retiree premiums	(5,354)	(9,102)	(11,960)
Increase (decrease) in Net OPEB Obligation	4,239	(307)	1,938
Ending Net OPEB Obligation at December 31	$ 21,127	$ 16,888	$ 17,195

Utilizing the pay as you go method, the Commission contributed 56% of the annual post-employment benefits cost during 2016, 103% during 2015, and 86% during 2014, respectively.

Funded Status and Funding Progress Since the plan is not funded, the Commission's entire actuarial accrued liability of $87,256 was unfunded.

The funded status of the plan, as determined by using the alternative measurement method as of December 31, 2016, was as follows:

Actuarial accrued liability (AAL)	$ 87,256
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 87,256
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$ -
UAAL as a percentage of covered payroll	0%

Alternative Measurement Method and Assumptions The projection of future benefits payments for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The alternative measure assumptions included a 2.5% rate of return on investments. The expected rate on increase in healthcare costs was based on whether retiree was Pre-Medicare and Medicare eligible graduated down from 8% to an ultimate annual rate of 4.7%. Life expectancy assumptions were based on mortality tables at the U.S. Census Bureau website (www.census.gov). The *Expectation of Life at Birth, 1960 to 2008 and Projections, 2010 to 2020 by Age, Sex and Race Table* was used. The plan only covers employees, therefore marital status was not considered in the calculation. The 2016 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. A discount rate of 2.5% was used. At December 31, 2016, all plan participants were retired; therefore there was no assumption for turnover and all participants were eligible to receive benefits.

The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at December 31, 2016 for other post-employment benefits (OPEB) is 12 years.

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2016:

Governmental activities:	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Compensated absences	$ 24,128	$ 25,435	$ 24,305	$ 25,258	$ 25,258
OPEB liability	16,888	9,593	5,354	21,127	-
Pension obligation	511,486	53,180	-	564,666	-
Total	$ 552,502	$ 88,208	$ 29,659	$ 611,051	$ 25,258

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – LITIGATION AND CLAIMS

At December 31, 2016, the Commission is involved in litigation concerning protested taxes. Unearned revenue of $137,735 is reported for the amount received under protest.

NOTE 13 – OPERATING LEASE

In April 2009, the Commission signed an agreement for the lease of an office building for $2,160 per month. The base rental was $1,875 per month with additions for maintenance, taxes and insurance, which is subject to adjustment by the lessor upon completion of a full lease year. The original lease was set to expire on March 31, 2014 with an option to renew for one additional term of five years. On January 14, 2014, the Commission executed its option to renew the original lease and the lease was extended for one additional term of five (5) years. Effective May 2016, the base rental was $2,156 per month, with the total monthly rental under the extension period increased to $2,373 per month, with additions for maintenance, taxes and insurance.

Effective August 21, 2012, the commission entered into a lease for a postage machine for $154 per month. The lease is set to end on December 31, 2017.

Rental expense recognized for the fiscal year ended December 31, 2016 was $27,721. The future minimum rental payments are as follows:

Year	
2017	$ 27,721
2018	25,875
2019	6,469
	$ 60,065

NOTE 14 – LIENS OVER SALES TAX REMITTERS

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

NOTE 15 – REFUNDS TO TAXPAYERS

The Commission receives refund requests from sales tax remitters for overpayment of sales taxes. Refund requests are reviewed to determine if the amounts were overpaid. For the year ended December 31, 2016, the Commission recognized $69,591 of refunds due taxpayers.

NOTE 16 – OCCUPATIONAL LICENSE COLLECTIONS AND DISBURSEMENTS

The following is a schedule occupational tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2016:

	Total Collections	Collection Fees	Total Distribution	Refunds	Balance to be Distributed
Webster Parish Police Jury	$ 215,818	$ 3,021	$ 212,797	$ -	$ -

NOTE 17 – SALES TAX COLLECTIONS AND DISBURSEMENTS

The following is a schedule of the sales tax collections and disbursements on a cash basis collected in behalf of and payments made to local governmental entities for fiscal year ended December 31, 2016:

	Total Collections	Collection Fees	Audit Fees	Refunds	Total Distribution
Webster Parish School Board (2.5%)					
School Board 1969 (1.0%)	$ 5,541,435	$ 77,536	$ 36,942	$ 3,137	$ 5,423,820
School Board 1996 (1.0%)	5,541,435	77,536	36,942	3,137	5,423,820
School District 6 (0.5%)	1,539,336	21,548	1,616	206	1,515,966
Webster Parish Police Jury (0.5%)	2,771,907	38,785	18,471	1,570	2,713,081
Town of Sibley (2.5%)					
Town of Sibley 1980 (1.0%)	115,892	1,598	3,043	1,776	109,475
Town of Sibley 1988 (1.0%)	115,892	1,598	3,043	1,776	109,475
Town of Sibley 2011 (0.5%)	57,946	799	1,522	888	54,737
Town of Cotton Valley (1%)	62,508	875	-	-	61,633
City of Minden (2%)					
City of Minden 1967 (1%)	2,725,190	38,124	1,601	2,073	2,683,392
City of Minden 1984 (1%)	2,725,190	38,124	1,601	2,073	2,683,392
City of Springhill (2.5%)					
City of Springhill 1968 (1.0%)	962,860	13,474	47	403	948,936
City of Springhill 1988 (0.5%)	481,430	6,737	24	202	474,467
City of Springhill 1992 (1.0%)	962,860	13,474	47	403	948,936
Town of Cullen (2.5%)					
Town of Cullen (1.0%)	33,602	470	-	-	33,132
Town of Cullen (0.5%)	16,801	235	-	-	16,566
Town of Cullen (1.0%)	33,602	470	-	-	33,132
Town of Sarepta (1%)	79,782	1,116	-	90	78,576
Village of Dixie Inn (2%)					
Village of Dixie Inn 1981 (1%)	147,874	2,070	-	-	145,804
Village of Dixie Inn 1994 (1%)	147,874	2,070	-	-	145,804
Village of Doyline (1%)	58,770	823	-	-	57,947
Webster Parish Tourism (4%)	173,792	2,433	-	-	171,359
Webster Parish Sheriff (0.5%)	2,770,782	38,769	18,471	1,569	2,711,973
Total	$ 27,066,760	$ 378,664	$ 123,370	$ 19,303	$ 26,545,423

NOTE 18 – NEW GASB STANDARDS

The Commission adopted a new statement of financial accounting standard issued by the Governmental Accounting Standards Board, the *Statement No. 72, Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). This statement provides guidance for determining fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The adoption of Statements No. 72 has no impact on the net position of government wide statements or the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(PART II)

Webster Parish Sales and Use Tax Commission

Schedule of Funding Progress for Other Post-Employment Benefits
December 31, 2016

Fiscal Year End	Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry-age Normal	Funded Ratio (1) / (2)	Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
Dec 31, 2011	Dec 31, 2011	-	121,498	-	121,498	44,114	275%
Dec 31, 2012	Dec 31, 2011	-	121,498	-	121,498	-	0%
Dec 31, 2013	Dec 31, 2013	-	172,569	-	172,569	-	0%
Dec 31, 2014	Dec 31, 2013	-	180,928	-	180,928	-	0%
Dec 31, 2015	Dec 31, 2013	-	109,204	-	109,204	-	0%
Dec 31, 2016	Dec 31, 2013	-	87,256	-	87,256	-	0%

*The Commission uses the alternative method; therefore the date of valuation is used.

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

Schedule of Proportionate Share of Net Pension Liability
December 31, 2016

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers' Retirement System of Louisiana					
2015	0.00476%	$ 511,486	$ 201,771	253.50%	62.47%
2016	0.00481%	564,666	205,806	274.37%	59.90%

Notes:
The amounts presented have a measurement date of June 30, 2016.

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

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

Schedule of Employer Contributions
December 31, 2016

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
Teachers' Retirement System of Louisiana					
2015	$ 55,323	$ 55,323	$ -	$ 203,768	27.15%
2016	55,832	55,832	-	207,844	26.86%

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

See independent auditors' report.

SUPPLEMENTARY INFORMATION

Webster Parish Sales and Use Tax Commission

Schedule of Compensation Paid to Commissioners
December 31, 2016

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

Ronda Carnahan	Chairperson
Shelli Malone	Member
Peggy Adkins	Member
Myra Kilburn	Member
Crevonne Odom	Member
Sherry McCann	Member
Sharon Bryce	Member
Michael Fluhr	Member
Raven Coleman	Member
Jane Rogers	Member
Lynn Dorsey	Member

See independent auditors' report.

Webster Parish Sales and Use Tax Commission

Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2016

Agency Head: Cyndy Herrington, Administrator

Salary	$ 65,456
Benefits – insurance	10,621
Benefits – retirement	16,953
Dues	172
Travel	1,998
Registration fees	1,110
Special Meals	78
Total	$ 96,388

See independent auditors' report.

OTHER REPORTS

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MEMBERS
AMERICAN INSITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency is* a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet in 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as 2016-01and 2016-02 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Webster Parish Sales and Use Tax Commission's Response to Findings

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

Allen Martin & Cole, LLC

Minden, Louisiana
June 29, 2017

OTHER INFORMATION

Webster Parish Sales and Use Tax Commission
Schedule of Current Year Findings
December 31, 2016

Reference # and title: 2016-01 Internal Controls over Outstanding Sales Tax Collections

Origination date: This finding originates in the fiscal year ended December 31, 2013.

Criteria or specific requirement: As stewards of the taxpayer's money, it is the responsibility of the Commission to maintain a system to allow prompt follow-up with delinquent filers, to collect payments, and vigorously pursue collections. Proper internal controls require that procedures are established and monitored to ensure delinquent sales tax remitters are being informed by the Commission that reports are due and arrangements are made to collect any sales tax owed from delinquent businesses.

Businesses should be informed on a regular basis of the outstanding monies owed to the Commission.

On September 8, 2015, the Commission approved a written policy addressing formal collection procedures for delinquent sales tax filers.

Condition found: Of the vendors selected, we observed an increase in documents indicating the Commission's attempt to follow its policy in 2017. However, our tests revealed that 12 of the 20 vendors selected in our tests still revealed instances of the following:

- Instances where files were not maintained on delinquent filers with adequate documentation
- Instances where the collection process or agreements were setup for prior year delinquencies which are not being enforced to obtain payment or file paperwork with attorney to obtain judgment for unpaid taxes or close business
- Instances where letters were sent with no deadline to specify date to file returns and remit taxes and no liens filed
- Instances where no letters were sent to delinquent filers and no liens were filed

Possible asserted effect (cause and effect):

Cause: Proper procedures for working the delinquent tax report are not being followed.

Effect: Taxes owed by vendors doing business in the parish is not being collected.

Recommendations to prevent future occurrences: The Commission must enforce the policy it has adopted on delinquent collection procedures. A system of controls should be established which allows management to easily assess that status of delinquent filers and amounts outstanding. Management should establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Corrective action plan: Management has established a system of controls in order to easily assess the status of delinquent filers. Management maintains a delinquent status report which ensures the accounts are worked timely and legally addressed when required. Management has reviewed delinquent reports and made changes as needed to clear up delinquencies. Numerous accounts were closed out and changes were made in the filing status of out of state taxpayers or taxpayers that only remit occasionally. Management meets with the employee responsible for delinquent collections on a daily basis in order to be aware of the problems. The employee responsible for delinquent collections was reprimanded and issued a deadline to begin filing suits on delinquent accounts, updating liens and closing out delinquent accounts that are no longer in business. Efforts have been made for year ending 2016. The recently purchased software that will enable the Commission to enforce the delinquent policy more efficiently was implemented in February, 2017. We will continue in our efforts to enforce the policy. We have since issued demand letters, filed liens and filed suits on dozens of taxpayers. Currently, our delinquent collections are being handled more efficiently.

Date corrective action will be completed: December 31, 2017

Agency personnel responsible for taking the corrective action: Cyndy Herrington

Reference # and title: 2016-02 Internal Controls over collections of Occupational License Tax

Origination date: This finding originates in the fiscal year ended December 31, 2015.

Criteria or specific requirement: State law allows the parish to impose a license tax on any person conducting business within the territorial jurisdiction of the parish at rates not to exceed the maximum tax rates set by law. It is the Commission's responsibility to maintain a system to allow prompt follow-up with delinquent filers, to collect payments, and vigorously pursue collections for the parish. Proper internal controls require that procedures are established and monitored to ensure collection of the license tax assessed on businesses operating within the parish.

Condition found: During the year, we found that the Commission has no formal written policy to address the collection process over occupational license tax.

Delinquent accounts are not being properly identified or timely addressed as per Louisiana Revised Statutes. We noted that there were no procedures to enforce collections for delinquent filers.

Possible asserted effect (cause and effect):

Cause: Lack of written procedures to address the delinquent filings.

Effect: Occupational license taxes owed by vendors doing business in the parish is not being collected.

Recommendations to prevent future occurrences: The Commission must adopt a written policy to address collection enforcement procedures of occupational license tax. A system of controls should be established which allows management to easily assess that status of delinquent filers and amounts outstanding. Management should establish review procedures to ensure that accounts are worked timely and legally addressed when required.

Corrective action plan: The Commission will adopt a written policy to address collection enforcement procedures of Occupational License Tax. The recently purchased software that will enable the Commission to process the Occupational License Tax more efficiently was implemented in February, 2017, however we have not been trained on the Occupational License Tax portion of the software. Management will ensure that the staff is trained to process the OLT software. Management will establish review procedures to ensure that accounts are worked timely and legally addressed when required. The Louisiana Association of Tax Administrators has provided copies of assessment letters that are specific to OLT collections. Management will include these letters in handling OLT delinquents.

Date corrective action will be completed: December 31, 2017

Agency personnel responsible for taking the corrective action: Cyndy Herrington

Webster Parish Sales and Use Tax Commission
Status of Prior Year Findings
December 31, 2016

Reference # and title: 2015-01 Internal Controls over Outstanding Sales Tax Collections

Comment: During the year, the Commission's policy was to send delinquent notice cards to vendors and issue demand letters. In some cases, delinquent filers are turned over to the Commission's attorney or tax liens are filed.

Delinquent accounts are not being properly or timely addressed as per policy and Louisiana Revised Statutes. We noted where delinquent filers did not receive assessment or demand letters that covered all outstanding periods. In addition some of these delinquent filers also had outstanding debit memos with balances due.

Status: Finding not resolved. The Commission adopted written collection procedures and has documentation indicating an increase in collection efforts in the current year (2017), however, delinquent accounts were tested and revealed that they were not being properly or timely addressed per the Commission's policy.

Reference # and title: 2015-02 Internal Controls over collections of Occupational License Tax

Condition found: During the year, we found that the Commission has no formal written policy to address the collection process over occupational license tax.

Delinquent accounts are not being properly identified or timely addressed as per Louisiana Revised Statutes. We noted that there were no procedures to enforce collections for delinquent filers.

Status: Finding not resolved. The Commission has not adopted written collection procedures to address delinquent accounts for the occupational licenses.