

**Calcasieu Parish Sales Tax Agency
Of the Calcasieu Parish School Board
Lake Charles, Louisiana**

**Financial Statements
As of and for the Year Ended June 30, 2013**

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

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Independent Auditor's Report

Board Members

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

Report on the Financial Statement

We have audited the financial statement of the Calcasieu Parish Sales Tax Agency of the Calcasieu Parish School Board, as of and for the year ended June 30, 2013 and related notes to the 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 the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the Calcasieu Parish Sales Tax Agency of the Calcasieu Parish School Board, as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Calcasieu Parish Sales Tax Agency and does not purport to and does not, present fairly the financial position of the Calcasieu Parish School Board, as of June 30, 2013, and the changes in its financial position, or, where applicable its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accountings Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Tax Agency. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statement.

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 statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013 on our consideration of the Tax Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Agency's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 27, 2013

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

**Statement of Fiduciary Assets and Liabilities
June 30, 2013**

ASSETS

Cash	\$ 1,584,950
Accounts receivable sales tax vendors, net	24,573,244
Cash restricted	<u>3,794,484</u>
Total Assets	<u><u>29,952,678</u></u>

LIABILITIES

Deposits due others	26,158,194
Taxes paid under protest from restricted assets	<u>3,794,484</u>
Total Liabilities	<u><u>\$ 29,952,678</u></u>

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

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

**Notes to the Financial Statements
June 30, 2013**

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

**Notes to the Financial Statements
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Calcasieu Parish Sales Tax Agency has been formed under joint agreement of the Calcasieu Parish School Board, the Calcasieu Parish Police Jury, the City of Lake Charles, the City of Sulphur, the Town of Iowa, the Town of DeQuincy, the Town of Vinton, the Town of West Lake, Law Enforcement #1, and the Southwest Tourist Bureau for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 33:2844. The Calcasieu Parish Tax Agency charges a collection fee to all agencies, except the Southwest Tourist Bureau, that is based upon a percentage derived from dividing the Tax Agency's total revenues collected that month by the Tax Agency's total expenditures. This percentage is then applied against the agencies' total revenue collected and/or distributed during the period. This amount is billed to the agencies shortly after the end of the month. The fee for the Southwest Tourist Bureau is computed first by dividing the Tax Agency's direct costs for the previous month by the total amount collected by the Tax Agency for the previous month. This factor is then multiplied by the total amount collected for the Bureau by the Tax Agency for the current month. The Tax Agency collects the fee by withholding it as it deposits funds into the account designated by the Bureau.

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

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

Funds are classified into one category, fiduciary. The category, in turn, is divided into separate "fund types." Fiduciary funds are used to account for assets held for others. The tax agency fund requires the use of a fiduciary fund as described below:

Fiduciary Fund - The Calcasieu Parish Sales Tax Agency is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities within the parish and also occupancy taxes that are levied on hotel rooms, including overnight camping facilities. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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

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

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

**Notes to the Financial Statements
June 30, 2013**

NOTE 2 - DEPOSITS At June 30, 2013, the Tax Agency has cash and cash equivalents (book balances) totaling \$5,379,434. Included in this amount \$3,797,484 is restricted assets.

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.

Custodial Credit Risk – Deposits: The bank balance was \$5,379,434. In the case of deposits this is the risk that in the event of a bank failure, the Tax Agency deposits may not be returned to it. The bank balance was either covered by federal depository insurance or pledged securities held by the Tax Agency's agent but not in the Tax Agency's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposed a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Tax Agency the fiscal agent has failed to pay deposited funds upon request.

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

NOTE 3 - DEPOSITS DUE OTHERS A summary of changes in deposits due others for the year ended June 30, 2013 is as follows:

BALANCE, Beginning	\$ 26,795,418
ADDITIONS:	
Sales tax collections	238,255,823
DEDUCTIONS:	
Taxes distributed to others:	
Calcasieu Parish School Board	94,240,091
Calcasieu Parish Police Jury	40,602,133
City of Lake Charles	45,960,398
City of Sulphur	14,045,979
Town of Iowa	1,422,275
Town of DeQuincy	1,434,315
Town of Vinton	911,502
Town of Westlake	2,350,453
Law Enforcement District #1	34,555,360
Southwest Tourist Bureau	3,347,305
Transfer to School Board- Hotel-Motel Collection Fee	23,236
Total deductions	<u>238,893,047</u>
BALANCE, Ending	<u><u>\$ 26,158,194</u></u>

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

**Notes to the Financial Statements
June 30, 2013**

NOTE 4 - ACCOUNTS RECEIVABLE The balance in accounts receivable (\$24,573,244) represents sales tax and occupancy tax collections in July, 2013 for June sales and the total of delinquent accounts at year end, which is net of allowance for doubtful accounts of \$4,704,382.

NOTE 5 - COMMITMENTS AND CONTINGENCIES At June 30, 2013, the Calcasieu Parish Tax Agency was involved in multiple litigations. The lawsuits are in regard to taxes paid under protest by various vendors. There are currently eight pending cases where the vendor has filed for a refund of taxes paid under protest. If the Tax Agency wins these pending cases, then the taxes paid under protest plus statutory interest will be retained by the Tax Agency. If the Tax Agency loses, then the taxes paid under protest plus statutory interest will be refunded to the vendor.

NOTE 6 - TAXES PAID UNDER PROTEST There is currently \$3,797,484 in Taxes Paid Under Protest. There were no vendors whose sales tax paid under protest were settled during the 2012-2013 year. The current balance is attributable to various vendors which have paid taxes under protest and interest that has been earned on those payments. Taxes paid under protest are being held in a separate bank account pending the outcome of any litigation and requests for refunds.

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

**Notes to the Financial Statements
June 30, 2013**

NOTE 7- SALES TAX COLLECTIONS AND DISBURSEMENTS The following is a schedule of the sales tax collections and disbursements on a cash basis collected in behalf of payments made to local governmental entities for the fiscal year ended June 30,

	Total Collections	Final Distribution	Collection Fees
Calcasieu Parish School Board			
School Board (1%) 1968	\$ 45,938,011	\$ 45,938,011	\$ 182,799 *
School Board (0.5%) 2002	22,969,005	22,969,005	91,399 *
School Board Salary (0.5%) 2005	22,994,935	22,994,935	91,399 *
School Board #3 (1.5%) 2000	2,338,140	2,338,140	274,199 *
	<u>94,240,091</u>	<u>94,240,091</u>	<u>639,796 *</u>
City of Lake Charles(2.5%)			
City of Lake Charles (1%) 1990	20,426,840	20,426,840	140,303
City of Lake Charles (1%) 2006	20,426,840	20,426,840	140,303
City of Lake Charles Salary (1/4%) 2005	5,106,718	5,106,718	35,077
	<u>45,960,398</u>	<u>45,960,398</u>	<u>315,683</u>
Calcasieu Parish Police Jury			
Police Jury District #1 (1%) 2004	16,998,085	16,998,085	119,981
Police Jury District #4A (1.25%) 2010	23,604,048	23,604,048	149,977
	<u>40,602,133</u>	<u>40,602,133</u>	<u>269,958</u>
Calcasieu Parish Law Enforcement District			
LED (.25%) 2002	11,482,601	11,482,601	78,176
LED #2 (0.5%) 2006	23,072,759	23,072,759	156,351
	<u>34,555,360</u>	<u>34,555,360</u>	<u>234,527</u>
City of Sulphur (2.5%)			
City of Sulphur (1%) 1966	5,618,392	5,618,392	38,635
City of Sulphur (1%) 2004	5,618,392	5,618,392	38,635
City of Sulphur (.5%) 1966	2,809,195	2,809,195	19,317
	<u>14,045,979</u>	<u>14,045,979</u>	<u>96,587</u>
City of Dequincy (2.5%)			
City of Dequincy (1%) 1966	573,726	573,726	4,007
City of Dequincy (0.5%) 2002	286,863	286,863	2,004
City of Dequincy (1%) 2010	573,726	573,726	4,007
	<u>1,434,315</u>	<u>1,434,315</u>	<u>10,018</u>
Town of Iowa (2.5%)			
Town of Iowa (0.5%) 2002	284,455	284,455	1,925
Town of Iowa (1%) 2005	568,910	568,910	3,847
Town of Iowa (1%) 2006	568,910	568,910	3,847
	<u>1,422,275</u>	<u>1,422,275</u>	<u>9,619</u>

(Continued)

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

**Notes to the Financial Statements
June 30, 2013**

	Total Collections	Final Distribution	Collection Fees
City of Westlake (2.5%)			
City of Westlake (1%) 1990	\$ 940,181	\$ 940,181	\$ 6,428
City of Westlake (1%) 2007	940,181	940,181	6,428
City of Westlake (0.5%) 2007	470,091	470,091	3,213
	<u>2,350,453</u>	<u>2,350,453</u>	<u>16,069</u>
Town of Vinton (2.5%)			
Town of Vinton (1%) 1975	364,601	364,601	2,480
Town of Vinton (0.5%) 2002	182,300	182,300	1,240
Town of Vinton (1%) 2003	364,601	364,601	2,480
	<u>911,502</u>	<u>911,502</u>	<u>6,200</u>
SWLA Convention & Visitors Bureau (4%)**	<u>3,370,541</u>	<u>3,347,305</u>	<u>23,244</u>
Totals	<u>\$ 238,893,047</u>	<u>\$ 238,869,811</u>	<u>\$ 1,621,701</u>

(Concluded)

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

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

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



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

Independent Auditor's Report

Board Members

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Calcasieu Parish Sales Tax Agency of the Calcasieu Parish School Board as of and for the year ended June 30, 2013 and the related notes to the basic financial statements, and have issued our report thereon dated December 27, 2013.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Calcasieu Parish Sales Tax Agency and does not purport to and does not, present fairly the financial position of the Calcasieu Parish School Board, as of June 30, 2013, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 27, 2013

OTHER INFORMATION

Summary Status of Prior Management Letter Item
June 30, 2013

12-M1 **Debit/Credit Memos Report**

Comment: The Debit/Credit Report does not accurately reflect the true outstanding Debit/Credit memos outstanding. Paid Debit memos are not being reflected on the Debit/Credit Report. The Debit/Credit Memo Report should reflect an accurate outstanding balance at anytime the report is run.

Recommendation: The report should be updated so that it presents an accurate statement of Debit/Credit memos outstanding.

Management's response: Debt/credit memo report was updated and totals added at end of report.