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CADDO-SHREVEPORT SALES AND

USE TAX COMMISSION

SHREVEPORT, LOUISIANA

JUNE 30, 1999

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Release Date 11-3-99

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

July 23, 1999

Board of Commissioners  
Caddo-Shreveport Sales and Use Tax Commission  
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of Caddo-Shreveport Sales and Use Tax Commission, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Commission's policy is to prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations of Caddo-Shreveport Sales and Use Tax Commission in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caddo-Shreveport Sales and Use Tax Commission as of June 30, 1999, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 1999 on our consideration of the Commission's internal control structure and on its compliance with laws and regulations.

Heard, McElroy & Vestal, LLP

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY

(MODIFIED CASH BASIS)

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

<u>A S S E T S</u>	<u>Governmental Funds</u>		<u>Fiduciary</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Fund</u>  <u>Agency</u>
<u>Cash:</u>			
Operating	62,110	-	-
Capital reserve	-	59,809	-
Payroll	912	-	-
Clearing	-	-	2,128,787
Escrow (including interest bearing accounts)-Notes 5, 6, 7 and 9	2,794,401	-	-
Investments-Note 12	-	-	63,808
Due from other governments	36,546	-	-
Due from other fund-Note 4	3,000	-	-
Property and equipment-Note 3	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,896,969</u>	<u>59,809</u>	<u>2,192,595</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Refunds due-Note 7	103,028	-	-
Sales tax paid under protest-Note 5	2,474,206	-	-
Miscellaneous escrow-Note 6	108,970	-	-
Due to other fund-Note 4	-	-	3,000
Due to other governments-Note 8	-	-	2,125,787
Other	(2)	-	-
Liability for deferred compensation-Note 12	<u>-</u>	<u>-</u>	<u>63,808</u>
Total liabilities	<u>2,686,202</u>	<u>-</u>	<u>2,192,595</u>
 <u>Fund equity:</u>			
Investment in general fixed assets	-	-	-
Fund balance-unreserved	66,025	59,809	-
Fund balance-reserved-Note 9	<u>144,742</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>210,767</u>	<u>59,809</u>	<u>-</u>
Total liabilities and fund equity	<u>2,896,969</u>	<u>59,809</u>	<u>2,192,595</u>

The accompanying notes are an integral part of these financial statements.

<u>Account Group</u> General Fixed Assets	<u>Totals (Memorandum Only)</u>
-	62,110
-	59,809
-	912
-	2,128,787
-	2,794,401
-	63,808
-	36,546
-	3,000
<u>844,049</u>	<u>844,049</u>
<u>844,049</u>	<u>5,993,422</u>
-	103,028
-	2,474,206
-	108,970
-	3,000
-	2,125,787
-	(2)
<u>-</u>	<u>63,808</u>
-	4,878,797
844,049	844,049
-	125,834
-	144,742
<u>844,049</u>	<u>1,114,625</u>
<u>844,049</u>	<u>5,993,422</u>

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES

(MODIFIED CASH BASIS)

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 1999

	<u>Governmental Funds</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<u>Revenues:</u>			
Intergovernmental operating	602,000	-	602,000
Charges for services	-	139,470	139,470
Charges for litigation	25,951	-	25,951
Interest earned	144,742	-	144,742
Miscellaneous	-	2,235	2,235
Total revenues	<u>772,693</u>	<u>141,705</u>	<u>914,398</u>
<u>Expenditures:</u>			
Personnel services-Note 10	519,184	-	519,184
Operating services	61,389	-	61,389
Professional services	110,360	-	110,360
Insurance	8,781	-	8,781
Supplies	7,726	-	7,726
Travel	13,658	-	13,658
Capital expenditures-Note 3	14,340	19,563	33,903
Miscellaneous	-	-	-
Total expenditures	<u>735,438</u>	<u>19,563</u>	<u>755,001</u>
Excess of revenues over expenditures	37,255	122,142	159,397
<u>Other financing sources (uses):</u>			
Operating transfers in (out)	<u>108,000</u>	<u>(108,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>108,000</u>	<u>(108,000)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	145,255	14,142	159,397
<u>Fund balance-July 1, 1998</u>	<u>65,512</u>	<u>45,667</u>	<u>111,179</u>
<u>Fund balance-June 30, 1999</u>	<u>210,767</u>	<u>59,809</u>	<u>270,576</u>

The accompanying notes are an integral part of these financial statements.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES

(MODIFIED CASH BASIS)

BUDGET AND ACTUAL-GENERAL FUND

YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental operating	644,550	602,000	(42,550)
Charges for litigation	20,000	25,951	5,951
Interest earned	-	<u>144,742</u>	<u>144,742</u>
Total revenues	<u>664,550</u>	<u>772,693</u>	<u>108,143</u>
 <u>Expenditures:</u>			
Personnel services	524,400	519,184	5,216
Operating services	69,700	61,389	8,311
Professional services	106,500	110,360	(3,860)
Insurance	12,750	8,781	3,969
Supplies	8,700	7,726	974
Travel	15,500	13,658	1,842
Operating reserve	20,000	-	20,000
Capital expenditures	<u>15,000</u>	<u>14,340</u>	<u>660</u>
Total expenditures	<u>772,550</u>	<u>735,438</u>	<u>37,112</u>
 Excess of revenues over expenditures (expenditures over revenues)	 (108,000)	 37,255	 145,255
 <u>Other financing sources (uses):</u>			
Operating transfers in (out)	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Total other financing sources (uses)	<u>108,000</u>	<u>108,000</u>	<u>-</u>
 Excess of revenues and other sources over expenditures and other uses	 <u>-</u>	 145,255	 <u>145,255</u>
 <u>Fund balance-July 1, 1998</u>		<u>65,512</u>	
 <u>Fund balance-June 30, 1999</u>		<u>210,767</u>	

The accompanying notes are an integral part of these financial statements.



CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

(MODIFIED CASH BASIS)

AGENCY FUND

YEAR ENDED JUNE 30, 1999

<u>A S S E T S</u>	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Cash	2,174,565	127,427,916	127,473,694	2,128,787
Investments	<u>46,226</u>	<u>19,182</u>	<u>1,600</u>	<u>63,808</u>
Total assets	<u>2,220,791</u>	<u>127,447,098</u>	<u>127,475,294</u>	<u>2,192,595</u>
 <u>LIABILITIES</u>				
Due to other fund	3,000	-	-	3,000
Due to other governments	2,171,565	127,427,916	127,473,694	2,125,787
Liability for deferred compensation	<u>46,226</u>	<u>19,182</u>	<u>1,600</u>	<u>63,808</u>
Total liabilities	<u>2,220,791</u>	<u>127,447,098</u>	<u>127,475,294</u>	<u>2,192,595</u>

The accompanying notes are an integral part of these financial statements.

# CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1999

### 1. Organization

The Caddo-Shreveport Sales and Use Tax Division was created by intergovernmental agreement by the City of Shreveport and the Caddo Parish School Board in July 1967 to jointly collect and administer a sales and use tax effective August 1, 1967.

The Division was reorganized by Act No. 306 of 1979 (now Louisiana R.S.33:2738.54) as the Caddo-Shreveport Sales and Use Tax Commission, established under a Joint Agreement effective May 1, 1980, between the City of Shreveport, Louisiana and the School Board of the Parish of Caddo, State of Louisiana for the purpose of collecting sales and use taxes as authorized by the electorate. The Commission is empowered to collect, enforce and administer the respective sales and use taxes as they are levied by the City and the School Board. The Commission is governed by a Board of Commissioners. Commission members are the Chief Administrative Officer of the City, the Director of Finance of the City, the Assistant Superintendent of Business Affairs of the School Board, and the Director of Finance of the School Board. The Board of Commissioners appoints the Administrator who serves at its pleasure; however, the appointment must be confirmed by the City Council of the City of Shreveport and the Caddo Parish School Board.

The fiscal year of the Commission is from July 1 through June 30. The Commission's budget is approved by the Board of Commissioners and ratified by the City Council and the School Board prior to June 15, before the ensuing fiscal year. Amendments to the budget which exceed the total budgetary authorization must be approved by the City Council and the School Board. Adjustments of line items within the budget may be made by the Board of Commissioners at any time.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The Commission prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis differs from generally accepted accounting principles in that revenue and other related assets are generally recognized when received rather than when measurable and available for use, and expenditures are recognized when paid rather than when the obligations are incurred.

#### Reporting Entity

GASB 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformity with the requirements of GASB 14, the Caddo-Shreveport Sales and Use Tax Commission is considered a joint venture of the Caddo Parish School Board and the City of Shreveport. As established by combined ordinances of these two governmental entities, the Commission was created and organized as an independent agency to administer the terms of a joint agreement for the collection of sales and use taxes. Both the Caddo Parish School Board and the City of Shreveport exercise joint control over, and have continuing financial interests in and financial responsibilities to, the Commission.

## 2. Summary of Significant Accounting Policies (Continued)

### Fund Accounting

The Commission uses funds and an account group to account for its financial activities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

The funds and account group of the Commission are shown in the financial statements as follows:

### GOVERNMENTAL FUND TYPE

#### General Fund

The general operating fund of the Commission is used to account for all financial resources, except those which are required to be accounted for in another fund.

#### Capital Projects Fund

This fund is used to account for resources received, held, or used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

### FIDUCIARY FUND TYPE

#### Agency Fund

This fund is used to account for collection of sales and use tax, and for the accumulation of employee contributions to a deferred compensation plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### ACCOUNT GROUP

#### General Fixed Assets

Fixed assets are accounted for in this account group. All fixed assets are valued at historical cost. A provision for depreciation has not been recorded.

### Budget

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The budget is prepared by the Administrator to cover anticipated expenses. Appropriations are not recorded in the general ledger. Therefore, the Commission only recognizes expenses which are actually incurred. Unused budgeted funds lapse at the end of each year.

### Cash in Banks

The deposits are held in a bank insured by the FDIC and are secured by pledged obligations of the U.S. Government or its Agencies held by the Federal Reserve in the name of the depository bank. For financial statement purposes, cash includes cash on hand and non-restricted bank deposits.

2. Summary of Significant Accounting Policies (Continued)

Collections

Collections include taxes, penalties and interest. Refunds to dealers are not shown as deductions from collections, since at the time the refund is determined, these funds are requested from the School Board and the City for their proportionate share.

Disposition of Funds

All sales taxes collected are deposited promptly in the Bank One (clearing) account. The proper amounts are wire transferred to the Caddo Parish School Board, the City of Shreveport, the Towns of Vivian, Oil City, Mooringsport, Blanchard, Greenwood, and Rodessa, Caddo Parish Sales Tax District #1, Caddo Parish Law Enforcement District, and the Shreveport-Bossier Convention and Tourist Bureau, as soon as the bank clears the funds.

Operating Revenues

The Caddo Parish School Board and the City of Shreveport make monthly transfers for deposit into the operating account at Bank One for payment of the operating expenses of the Commission. The operating transfers are based on the ratio of the tax collections for the previous month for each entity to total taxes collected. The transfers for fixed asset purchases are shared equally by the School Board and City.

Charges for Services (Fees)

The Commission collects sales taxes for Blanchard, Vivian, Oil City, Mooringsport, Greenwood, Rodessa, Caddo Parish Sales Tax District #1, Caddo Parish Law Enforcement District, and the use and occupancy taxes on hotel and motel rooms for the Shreveport-Bossier Convention and Tourist Bureau. The Commission receives fees for this service and, as instructed by the Board of Commissioners, records them as revenues in the Capital Projects Fund.

Charges for Litigation

Legal fees equal to ten percent of the aggregate amount for which lawsuit is filed are collected from vendors on assessments involving litigation. These fees are reflected as a revenue item within the General Fund.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Allocation of Operating Expenditures

Expenses incurred in operating the Commission are allocated monthly between the Caddo Parish School Board and the City of Shreveport in the same manner as transfers.

Totals Column

The totals column on the financial statement is captioned "Memorandum Only" to indicate that the totals are presented only to facilitate financial analysis. Data in these columns do not present consolidated financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Vacation and Sick Pay

The charge for vacation and sick pay is recorded when paid.

2. Summary of Significant Accounting Policies (Continued)

Employees accrue annual leave under the following schedule:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
Less than five years	Ten days per year
From five to ten years	Twelve days per year
From ten to twenty years	Fifteen days per year
Over twenty years	Twenty days per year

Generally, no more than two years of accrued unused leave may be carried forward to the next fiscal year.

Sick leave is granted at the rate of twelve days per year for employees employed up to twenty years, and at the rate of fifteen days per year for employees over twenty years. There is no limit on the carryover of sick leave.

Risk Management

The Commission is subject to normal business and liability risk, including risk of loss of assets. These risks are managed through the purchase of insurance policies.

3. Property and Equipment

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

The following is a summary of changes in the general fixed assets account group:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1999</u>
Equipment	225,818	33,903	30,554	229,167
Land	60,228	-	-	60,228
Building	544,658	-	-	544,658
Improvements	9,996	-	-	9,996
	<u>840,700</u>	<u>33,903</u>	<u>30,554</u>	<u>844,049</u>

4. Due from Other Fund

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other fund" or "due to other fund" on the balance sheet. At June 30, 1999, these balances were as follows:

<u>Fund</u>	<u>Due from</u> <u>Other Fund</u>	<u>Due to</u> <u>Other Fund</u>
General Fund	3,000	-
Agency Fund	-	3,000
	<u>3,000</u>	<u>3,000</u>

5. Sales Tax Paid Under Protest

Sales taxes collected under circumstances where the dealer disputes the liability are segregated until a settlement or legal action resolves the issue. These funds are deposited into a separate account.

6. Miscellaneous Escrow

The amounts in this account represent partial payments on final assessments, which are distributed to the appropriate tax jurisdictions after the full assessment is settled.

7. Refunds Due

Because of dealer error or misinterpretation of law, excess sales taxes are at times collected. After verification of the overpayment by the Commission, a refund request is made to the taxing authority. Upon receipt, the Commission remits the refund to the dealer. This liability amounted to \$103,028 at June 30, 1999.

8. Due to Other Governments

This account represents sales taxes that have been collected, and are due to the various taxing authorities.

9. Reservation of Fund Balance

This represents an estimate by the Commission of the potential interest cost on sales tax collected under protest and miscellaneous escrow. Sales taxes collected under protest and miscellaneous escrow are deposited into the escrow account. If such taxes are ultimately determined to be refundable to the taxpayer, interest at the judicial rate must be accrued and added to the balance refunded. Reserved amounts that are determined to be in excess of the amounts refundable to the taxpayer become available for transfer to the Capital Projects fund.

10. Retirement Plan

Plan Description

Employees of the Commission are covered by the Employees' Retirement System of the City of Shreveport, which is a cost-sharing multiple-employer public employee retirement system (PERS). All employees are required to participate in the PERS. The plan provides pension, death, and disability benefits. A member may retire at age 60 with ten or more years of service (age 55 if employed before January 1, 1979), age 55 with 25 years of service, or at any age with 30 years of service. Benefits vest after ten years of service. Employees who retire at or after age 65 with twenty or more years of service are entitled to pension payments for the remainder of their lives equal to 3% of average compensation (3 1/3% of average compensation after December 31, 1995) times years of creditable service. Employees who retire prior to age 65 with less than twenty but more than ten years of service must reduce their benefit by approximately 3% for each year below age 65. Average compensation means average annual earned compensation of an employee for the highest thirty-six successive months as a member of the plan.

Pension provisions include deferred allowances whereby an employee may terminate his employment with the Commission after accumulating 10 years of service but before reaching age 60. In such cases, the employee may allow accumulated contributions to remain on deposit and service retirement allowance to begin when retirement eligibility is attained.

Pension provisions include death and disability benefits, whereby the surviving spouse may receive a lump sum refund of the employee's contributions into the plan, or 50% of the employee's monthly benefit for life, with certain reductions based upon the employee's time remaining to reach age 65.

10. Retirement Plan (Continued)

Disabled employees are entitled to receive disability payments up to age 65, at which time normal retirement payments begin.

The Commission's current year covered payroll amounted to \$392,987; its total current year payroll amounted to \$449,771 for the year ended June 30, 1999.

Contributions Required and Made

Employees of the Commission are required to pay 9.00% of their gross compensation to the pension plan. The Commission is required to contribute 9.15% of its gross payroll to the plan. Total contributions made to the plan during the year ended June 30, 1999, amounted to approximately \$71,300, of which approximately \$36,000 was contributed by the Commission and \$35,300 by the employees. These contributions represented 9.15% (Commission) and 9.00% (employees) of covered payroll. The Commission contributed 100% of its actuarially-required contributions for the current and preceding two years.

Funding Status and Progress

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB 5 that, with some exceptions, must be used by a PERS. The standardized measure is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by GASB to enable readers of PERS financial statements to assess the PERS funding status on a going-concern basis, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among other PERS and among other employers.

The Commission's required contribution to the PERS represents approximately 3.84% of the total current year actuarially determined contribution requirements for all employers covered by the pension plan.

Ten year historical trend information is presented in the 1997 Employees' Retirement System of the City of Shreveport Comprehensive Annual Financial Report. This information is useful in assessing the plan's accumulation of sufficient assets to pay pension benefits as they become due. During 1998 and as of June 30, 1999, the City of Shreveport PERS held no securities issued by the Commission.

Hospitalization and life insurance are also provided. The cost of these plans is shared by the employees and the Commission at a ratio of 40% and 60%, respectively. The cost to the Commission was approximately \$31,000 for the year ended June 30, 1999.

11. Dealers on Pay-Out Status

After a deficiency in tax has been accepted by a dealer as a result of audit or delinquency on account, certain dealers may prove a hardship in remitting the total additional amount due. In such cases the Administrator may agree to place the deficiency on a monthly pay-out status. These amounts are disbursed through the clearing account. The Commission maintains memoranda accounts of amounts due from dealers on pay-out status. These accounts at June 30, 1999, totaled approximately \$48,300.

OTHER REPORTS



12. Deferred Compensation Plan

In 1994, the Commission began offering its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant. Deferred compensation amounts are administered and invested in certain mutual funds by a professional trustee.

13. Year 2000 Disclosures (UNAUDITED)

The Commission has addressed Year 2000 issues relating to its computer systems and other electronic equipment that are considered mission-critical. Generally, these include the accounting system and the sales tax system used by the Commission in receiving and allocating taxes collected. These systems have been subjected to the stages of work, as defined by GASB Technical Bulletin 98-1, necessary to achieve Year 2000-compliance. Such stages of work are awareness, assessment, remediation, and validation/testing. All mission-critical systems are in the validation/testing phase. Nevertheless, there can be no assurance that, even with completion of all four stages of work, that the Commission's systems will be fully Year 2000-compliant under all circumstances.

July 23, 1999

Board of Commissioners  
Caddo-Shreveport Sales and Use Tax Commission  
Shreveport, Louisiana

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

We have audited the financial statements of Caddo-Shreveport Sales and Use Tax Commission as of and for the year ended June 30, 1999, and have issued our report thereon dated July 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Caddo-Shreveport Sales and Use Tax Commission are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Heard, McElroy & Vestal, LLP*

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 1999

We have audited the financial statements of Caddo-Shreveport Sales and Use Tax Commission as of and for the year ended June 30, 1999, and have issued our report thereon dated July 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control - No reportable conditions were noted; no management letter was issued.

Compliance - no material noncompliance was noted.

b. Federal Awards - None

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 1999

There were no findings as a result of the prior year's audit.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR CURRENT YEAR FINDINGS

YEAR ENDED JUNE 30, 1999

As there were no current findings of material noncompliance, reportable conditions, or management letter, no corrective action is required.