

CADIZ-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>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	
Revenues:			
Intergovernmental operating	600,000	-	600,000
Charges for services	-	134,814	134,814
Charges for litigation	17,293	-	17,293
Interest earned	49,808	5,785	55,593
Miscellaneous	-	2,282	2,282
Total revenues	<u>677,293</u>	<u>142,881</u>	<u>820,174</u>
Expenditures:			
Personnel services-Note 11	463,663	-	463,663
Operating services-Note 10	61,017	-	61,017
Professional services	28,047	-	28,047
Insurance	11,031	-	11,031
Supplies	1,203	-	1,203
Travel	13,873	-	13,873
Capital expenditures-Note 3	4,709	505,591	510,300
Miscellaneous	-	1,289	1,289
Total expenditures	<u>622,633</u>	<u>506,880</u>	<u>1,129,513</u>
Excess of revenues over expenditures (expenditures over revenues)	54,660	(378,813)	(324,153)
Other financing sources (uses):			
Operating transfers in (out)	(45,000)	45,000	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>45,000</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses (expenditures and other uses over revenues and other sources)	9,660	(333,813)	(324,153)
Fund balance-July 1, 1999	<u>54,600</u>	<u>367,246</u>	<u>421,846</u>
Fund balance-June 30, 1999	<u>64,260</u>	<u>35,313</u>	<u>99,573</u>

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

Account Group General Fixed Assets	Totals (Memorandum Only)
-	49,828
-	25,111
-	1,416
-	158,709
-	79,815
-	18,886
-	101
-	1,089
<u>799,563</u>	<u>799,563</u>
<u>799,563</u>	<u>1,513,862</u>
-	399
-	957
-	71,184
-	695
-	1,808
-	523,708
<u>-</u>	<u>18,886</u>
-	618,771
<u>799,563</u>	<u>799,563</u>
<u>-</u>	<u>81,577</u>
<u>799,563</u>	<u>881,140</u>
<u>799,563</u>	<u>1,513,862</u>

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

(MODIFIED CASH BASIS)

AGENCY FUND

YEAR ENDED JUNE 30, 1998

A.S.S.U.T.3	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Cash	254,542	171,405,136	171,128,909	348,906
Investments	18,247	8,619	-	18,866
Total assets	272,789	171,413,755	171,128,909	367,772
LIABILITIES				
Due to other fund	3,000	-	-	3,000
Due to other governments	251,542	171,405,136	171,128,909	327,709
Liability for deferred compensation	18,247	8,619	-	18,866
Total liabilities	272,789	171,413,755	171,128,909	348,575

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

CADDO-SHERBOURNE SALES AND USE TAX COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(JUNE 30, 1996)

1. Organization

The Caddo-Sherboport Sales and Use Tax Commission was established under a Joint Agreement dated April 21, 1988, between the City of Sherboport, 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 taxes and use taxes as they are levied by the City and the School Board. The Commission is managed 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.

The fiscal year of the Commission is from July 1, through June 30. The Commission's budget is approved 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

Method 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 revenues 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

GAAP 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 GAAP 14, the Caddo-Sherboport Sales and Use Tax Commission is considered a joint venture of the Caddo Parish School Board and the City of Sherboport. 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 Sherboport exercise joint control over, and have continuing financial interests in and financial responsibility to, the Commission.

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.

2. Summary of Significant Accounting Policies (Continued)

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 reportable 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 and 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 (trustee-ship liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP

General Fixed Asset

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. Unusual 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 U.S. Government Securities 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. Excess funds are limited to investment in accounts offered by area banks, and generally may not exceed a maturity of six months.

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.

2. Summary of Significant Accounting Policies (Continued)

Disbursement of Funds

All taxes were collected and deposited promptly in the Bank One (clearing account). The proper amounts are also transferred to the Caddo Parish School Board, the City of Shreveport, the Towns of Vivian, Oil City, Mooringsport, 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 deposits 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 equal.

Charges for Services/Fees

The Commission collects sales taxes for 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 customers 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 Expenses

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.

Notes Column

The notes column on the financial statement is captioned "Memorandum Only" to indicate that the notes are presented only to facilitate financial analysis. Data in these columns do not present a condensed 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.

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

2. Summary of Significant Accounting Policies (Continued)

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.

Construction in progress represents expenditures accumulated toward a new office building for the Commission. Construction commenced during summer 1993, and was completed in December.

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

	Balance July 1, 1993	Additions	Deletions	Transfers	Balance June 30, 1993
Construction in progress	110,648	434,064	-	(344,112)	-
Equipment	803,416	81,300	-	-	194,628
Land	68,278	-	-	-	68,278
Building	-	-	-	344,112	344,112
	<u>278,292</u>	<u>515,364</u>	<u>-</u>	<u>-</u>	<u>798,963</u>

4. Due from Other Fund

During the course of operations, transactions 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, 1993, these balances were as follows:

Fund	Due from Other Fund	Due to Other Fund
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 invested in an interest bearing account.

11. Retirement Plan (Continued)

The Commission's current year covered payroll and its total current year payroll amounted to \$189,532 for the year ended June 30, 1996.

Contributions Required and Made

Employees of the Commission are required to pay 5.00% 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, 1996, amounted to approximately \$71,800, of which approximately \$36,200 was contributed by the Commission and \$35,600 by the employees. These contributions represented 9.15% (Commission) and 5.00% (employees) of covered payroll.

Funding Status and Programs

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB 3 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 standardised 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 program needs in accumulating sufficient assets to pay benefits when due, and to make comparisons among other PERS and among other employers.

The pension benefit obligation of the City of Shreveport PERS as of December 31, 1995, (the most recent date information is available) is overfunded as follows:

Net assets available for benefits, at market	130,749,080
Total pension benefit obligation	<u>83,551,080</u>
Overfunded pension benefit obligation	<u>47,198,000</u>

The measurement of the total pension benefit obligation is based on an actuarial valuation as of December 31, 1995. Net assets available to pay pension benefits were valued as of the same date.

The Commission's required contribution to the PERS represents approximately 1.2% of the total current year actuarially determined contribution requirements for all employees covered by the pension plan.

The year historical trend information is presented in the 1995 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 1995 and as of June 30, 1996, 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 48% and 52%, respectively. The cost to the Commission was approximately \$35,550 for the year ended June 30, 1996.

12. Dealers on Pre-Cert. 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

12. Dealers on Pay-Or-Save (Continued)

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 separate accounts of amounts due from dealers on pay-out status. These accounts as June 30, 1996, totaled approximately \$71,460.

13. 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 justly 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.

6. **Miscellaneous, Various**

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

7. **Interest Earnings**

Interest earned represents the probable interest liability as estimated by the Commission on sales tax collected under protest and miscellaneous accounts. Sales taxes collected under protest and miscellaneous accounts are deposited into interest-bearing accounts. Interest earned on these funds in excess of the Commission's estimate of probable liability is transferred to the Capital Projects Fund.

8. **Refunds Due**

Because of dealer error or misintegration of tax, 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 retains the refund to the dealer. The balance in this account as June 30, 1998, was \$310.

9. **Due to Other Governments**

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

10. **Leases**

Prior to completion of its new building, the Commission leased its office space. This lease terminated in December 1993.

11. **Retirement Plan**

Plan Description

Employees of the Commission are covered by the Employees' Retirement System of the City of Shrewport, which is a cost-sharing multiple-employer public employees 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, 1978), age 55 with 20 years of service, or at any age with 30 years of service. Benefits vary 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 approximately 3% of average compensation 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 covered compensation of an employee for the highest thirty-six consecutive 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. Disabled employees are entitled to receive disability payments up to age 65, at which time normal retirement payments begin.

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CADDO-SHERBOURNE SALES AND USE TAX COMMISSION
SHERBOURNE, LOUISIANA
AUDITED FINANCIAL STATEMENTS
ENDING 12/31/1965

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: _____

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY & VENTAL, L.L.P.

REGISTERED PUBLIC ACCOUNTANTS

MEMBER AMERICAN INSTITUTE

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July 18, 1996

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

Independent Auditor's Report

We have audited the accompanying financial statements of Cadee-Shreveport Sales and Use Tax Commission, as of and for the year ended June 30, 1996, 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 Cadee-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 Cadee-Shreveport Sales and Use Tax Commission as of June 30, 1996, 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 18, 1996 on our consideration of the Commission's internal control structure and a report dated July 18, 1996 on its compliance with laws and regulations.

Heard, McElroy & Vental, LLP

CADDOSHREVEPORT SALES AND USE TAX COMMISSION

SHREVEPORT, LOUISIANA

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CADDOSHREVEPORT SALES AND USE TAX COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
(MODIFIED CASH BASIS)
BUDGET AND ACTUAL - GENERAL FUND
YEAR END DECEMBER 31, 1996

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental operating	642,150	648,808	(6,150)
Charges for litigation	20,000	17,292	(2,708)
Interest earned	-	45,880	45,880
Total revenues	<u>662,150</u>	<u>712,980</u>	<u>10,142</u>
Expenditures:			
Personnel services	472,300	462,663	9,637
Operating services	65,500	81,207	4,463
Professional services	61,700	58,047	3,653
Insurance	31,750	31,881	719
Supplies	7,500	7,202	298
Travel	16,000	15,973	27
Operating reserve	22,400	-	22,400
Capital expenditures	5,000	4,700	300
Total expenditures	<u>688,150</u>	<u>671,673</u>	<u>16,477</u>
Excess of revenues over expenditures	<u>-</u>	<u>30,699</u>	<u>16,477</u>
Other financing sources (uses):			
Operating transfers in (out)		145,800	
Total other financing sources (uses)		<u>145,800</u>	
Excess of revenues and other sources over expenditures and other uses		<u>3,699</u>	
Fund balance July 1, 1995		<u>54,681</u>	
Fund balance June 30, 1996		<u>60,380</u>	

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