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**CADDO-SHREVEPORT SALIS AND
USE TAX COMMISSION
SHREVEPORT, LOUISIANA
JUNE 30, 1957**

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the Auditor, as provided, every and other appropriate state 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: **6/5 6:3 1957**

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION
SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY & VANTAL, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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J. VANCE VANTAL, C.P.A.

July 17, 1997

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, 1997, 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. These 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, 1997, 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 17, 1997 on our consideration of the Commission's internal control structure and a report dated July 17, 1997 on its compliance with laws and regulations.

Heard, McElroy & Vantal, LLP

CASCO-SHERBURNPORT SALES AND USE TAX COMMISSION

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY

(MODIFIED CASH BASIS)

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1993

ASSETS	Governmental Funds		Fiduciary Fund
	General	Capital Projects	Agency
Cash:			
Opening	48,652	-	-
Capital reserve	-	38,023	-
Payroll	7,271	-	-
Clearing	-	-	2,121,985
Borrow (including interest bearing accounts)	85,375	-	-
Investments-Note 12	-	-	31,067
Due from other governments	-	-	-
Due from other fund-Note 4	3,000	-	-
Property and equipment-Note 3	-	-	-
Total assets	146,328	38,023	2,183,062
LIABILITIES AND FUND EQUITY			
Liabilities:			
Retaind due-Note 8	-	-	-
Sales tax paid under protest-Note 9	-	-	-
Miscellaneous borrow-Note 8	88,966	-	-
Interest accrual-Note 7	4,818	-	-
Due to other fund-Note 4	-	-	3,000
Due to other governments-Note 9	-	-	2,118,965
Liability for deferred compensation-Note 11	-	-	31,067
Total liabilities	93,784	-	2,153,062
Fund Equity:			
Investment in general fund assets	-	-	-
Fund balance-unreserved	51,023	38,023	-
Total fund equity	51,023	38,023	-
Total liabilities and fund equity	146,328	38,023	2,183,062

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

Account Group Fixed Assets	Totals (Memorandum Only)
-	40,693
-	98,000
-	7,371
-	2,121,985
-	99,375
-	31,067
-	-
-	1,080
<u>-\$20,000</u>	<u>-\$20,000</u>
<u>-\$20,000</u>	<u>2,188,083</u>
-	-
-	-
-	88,566
-	5,819
-	3,800
-	2,118,965
<u>-</u>	<u>31,067</u>
-	2,248,438
\$20,000	\$20,000
<u>-\$20,000</u>	<u>88,566</u>
<u>-\$20,000</u>	<u>900,645</u>
<u>-\$20,000</u>	<u>2,038,893</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, 1997

	<u>Governmental Funds</u>		<u>Totals</u>
	<u>General</u>	<u>Capital</u>	<u>(Monocash)</u>
		<u>Projects</u>	<u>Only</u>
Revenues:			
Intergovernmental operating	581,080	-	581,080
Charges for services	-	135,260	135,260
Charges for litigation	25,473	-	25,473
Interest earned	-	618	618
Miscellaneous	-	3,250	3,250
Total revenues	<u>626,473</u>	<u>138,888</u>	<u>765,361</u>
Expenditures:			
Personnel services-Note 10	475,622	-	475,622
Operating services	62,193	-	62,193
Professional services	58,885	-	58,885
Insurance	7,356	-	7,356
Supplies	6,903	-	6,903
Travel	14,178	-	14,178
Capital expenditures-Note 3	4,634	29,388	34,022
Miscellaneous	-	-	-
Total expenditures	<u>628,713</u>	<u>29,388</u>	<u>658,101</u>
Excess of revenues over expenditures (expenditures over revenues)	(2,240)	109,500	3,468
Other financing sources (uses):			
Operating transfers in (out)	<u>65,860</u>	<u>(65,860)</u>	<u>-</u>
Total other financing sources (uses)	<u>65,860</u>	<u>(65,860)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses (expenditures and other uses over revenues and other sources)	(6,343)	43,640	3,468
Final balance-July 1, 1996	<u>60,264</u>	<u>25,213</u>	<u>85,477</u>
Final balance-June 30, 1997	<u>53,921</u>	<u>39,023</u>	<u>92,944</u>

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

CAIRO 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, 1997

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental operating	559,860	502,808	(57,052)
Charges for litigation	28,800	22,473	6,327
Interest earned	-	-	-
Total revenues	<u>579,860</u>	<u>525,473</u>	<u>(54,387)</u>
Expenditures:			
Personnel services	479,500	479,622	878
Operating services	71,119	62,183	8,937
Professional services	63,800	59,889	3,911
Insurance	14,250	7,336	6,914
Supplies	6,500	6,962	(462)
Travel	12,800	14,170	858
Operating reserves	22,500	-	22,500
Capital expenditures	3,000	4,624	(1,624)
Total expenditures	<u>673,869</u>	<u>638,313</u>	<u>35,556</u>
Excess of revenues over expenditures	(94,009)	(112,842)	(18,833)
Other financing sources (uses):			
Operating transfers in (out)	(96,000)	(96,000)	-
Total other financing sources (uses)	<u>(96,000)</u>	<u>(96,000)</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>(9,242)</u>	<u>(9,242)</u>
Fund balance-July 1, 1996		<u>60,264</u>	
Fund balance-June 30, 1997		<u>51,022</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, 1997

A S S E T S	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Cash	538,700	126,093,488	(124,441,700)	2,190,488
Investments	<u>18,868</u>	<u>12,701</u>	<u>-</u>	<u>31,569</u>
Total assets	<u>557,568</u>	<u>126,094,689</u>	<u>(124,441,700)</u>	<u>2,193,067</u>
 LIABILITIES				
Due to other fund	3,000	-	-	3,000
Due to other governments	327,709	126,093,488	(124,441,700)	2,118,998
Liability for deferred compensation	<u>18,868</u>	<u>12,701</u>	<u>-</u>	<u>31,569</u>
Total liabilities	<u>349,577</u>	<u>126,094,689</u>	<u>(124,441,700)</u>	<u>2,153,067</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, 1987

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. 308 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 this kind 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 the obligation was 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 instances 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.

1. 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. Certain report 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. Excess funds are limited to investment in accounts offered by state banks, and generally may not exceed a maturity of six months.

2. Summary of Significant Accounting Policies (Continued)

Collection

Collectors 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 reported 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, Moringport, 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 Expenses

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 equal.

Charges for Services (Fees)

The Commission collects sales taxes for Vivian, Oil City, Moringport, 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 collects 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 one percent of the aggregate amount for which lawsuits 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 event occurs.

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.

Total Column

The total 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 unaffiliated 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:

Length of Service	Annual Leave Earned
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 annual 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:

	Balance July 1, 1995	Addition	Deductions	Balance June 30, 1997
Equipment	184,623	14,826	-	205,664
Land	63,238	-	13,945	68,278
Building	544,712	-	-	544,712
Improvements	-	3,598	-	3,598
	<u>792,573</u>	<u>18,424</u>	<u>(13,945)</u>	<u>805,052</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, 1997, these balances were as follows:

Fund	Due from Other Fund	Due to Other Fund
General Fund	3,800	-
Agency Fund	-	3,800
	<u>3,800</u>	<u>3,800</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.

6. **Miscellaneous Earnings**

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. **Interest Earnings**

Interest earned represents the probable interest liability as estimated by the Commission on sales tax collected under protest and miscellaneous earnings. Sales taxes collected under protest and miscellaneous earnings 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 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. No amounts were due at June 30, 1997.

9. **Due to Other Governments**

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

10. **Retirement Plan**

Plan Description

Employees of the Commission are covered by the Employees' Retirement System of the City of Sherpton, 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, 1976), 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 approximately 3% (3.5% after December 31, 1990) of average compensation three 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 stated compensation of an employee for the highest thirty-six consecutive months as a member of the plan.

Plan provisions include deferred allowances whereby an employee may terminate his employment with the Commission after accumulating 30 years of service but before reaching age 65. In such cases, the employee may allow accumulated contributions to remain on deposit and service retirement allowance to begin when retirement eligibility is attained.

Plan 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 60, at which time normal retirement payments begin.

The Commission's current year covered payroll and its total current year payroll amounted to \$483,668 for the year ended June 30, 1997.

Contributions Required and Made

Employees of the Commission are required to pay 3.80% 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, 1997, amounted to approximately \$75,608, of which approximately \$37,180 was contributed by the Commission and \$38,428 by the employees. These contributions represented 8.15% (Commission) and 3.00% (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 3 that, with some exceptions, must be used by a FERS. 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 service 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 FERS financial statements to assess the FERS 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 FERS and among other employers.

The Commission's required contribution to the FERS represents approximately 1.6% 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 1996 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 1996 and as of June 30, 1997, the City of Shreveport FERS held no securities issued by the Commission.

Health/dental 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 \$31,480 for the year ended June 30, 1997.

11. Deficiency 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 meeting 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 debursed through the clearing account. The Commission maintains memoranda accounts of accounts due from dealers on pay-out status. These accounts as June 30, 1997, totaled approximately \$145,000.

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.

OTHER REPORTS

HEARD, McILROY & VESTAL, L.L.P.

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July 13, 1997

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

Compliance Report 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, 1997, and have issued our report thereon dated July 17, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Caddo-Shreveport Sales and Use Tax Commission is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Caddo-Shreveport Sales and Use Tax Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, the Commission Administrator, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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July 17, 1997

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

Report on the Internal Control Structure Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the financial statements of Cable-Shreveport Sales and Use Tax Commission as of and for the year ended June 30, 1997, and have issued our report thereon dated July 17, 1997.

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.

The management of Cable-Shreveport Sales and Use Tax Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nonetheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Cable-Shreveport Sales and Use Tax Commission for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our examination of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design of

Cable Strapping Sales and Use Tax Committee

July 12, 1989

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operation of one or more of the specific internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, the Comptroller Administrator, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Heard, McGraw + Ventral, LLP